
The Bay Area's Middle Housing Market

September 17, 2021

Prepared for: Association of Bay Area Governments

ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

This page intentionally blank

Table of Contents

INTRODUCTION.....	1
SECTION 1. MIDDLE HOUSING DEVELOPMENT TRENDS	3
SECTION 2. MIDDLE HOUSING RESIDENTS	5
SECTION 3. MIDDLE HOUSING MARKET CONDITIONS	12
SECTION 4. OTHER FACTORS INFLUENCING MIDDLE HOUSING DEVELOPMENT	27
APPENDIX: ADDITIONAL EXAMPLES OF RECENT TRANSACTIONS AND RENTAL LISTINGS	37

This page intentionally blank

Introduction

Context and Purpose

This report is prepared for jurisdictions in the Association of Bay Area Governments (ABAG) that are planning for their 6th cycle of the Regional Housing Needs Allocation (RHNA). As jurisdictions prepare to update their housing policies and strategies in their Housing Elements, some planning staff and stakeholders are considering policies that could create new housing opportunities in areas that are predominantly zoned for detached single-family housing. ECONorthwest, in partnership with Baird+Driskell Community Planning and Opticos Design, is supporting a Missing Middle Housing Work Group for interested jurisdictions in the Bay Area to learn about zoning changes that would successfully integrate market-feasible and compatibly designed “missing middle” housing types (e.g., duplexes, triplexes, townhomes, small apartments, etc.) in existing low-density residential areas.

This report on the Bay Area’s middle housing market provides context about middle housing in the Bay Area, including existing middle housing stock, development trends over time, patterns and trends in middle housing pricing, and demographic information to help understand the types of households and people that are served by middle housing.

Geography

In addition to considering overall trends across and differences among the nine counties that comprise the ABAG region, this report uses a smaller geography known as Public Use Microdata Areas (PUMAs) for much of the data analysis. PUMAs are the smallest units of geography available for analyzing the US Census’ American Community Survey Public Use Microdata Sample (ACS PUMS) data. PUMS data allows users to analyze demographic data with more granularity and cross-tabulation than standard Census tables (e.g., cost-burdened renter households who speak Spanish and have children present). However, to maintain survey respondents’ privacy, PUMS data is aggregated geographically to groups of census tracts intended to contain around 100,000 people. As Figure 1 shows, the ABAG region is made up of 55 PUMAs that generally (though not always) conform to urban-rural divisions within the region.

Figure 1. ABAG Region and Study Area Geographies

Source: ECONorthwest, using data from the US Census



Section 1. Middle Housing Development Trends

Middle housing is “missing” in all but a few urban areas because past development patterns and regulations in most areas have favored detached single-family housing or larger multifamily development.

This section provides a high-level overview of middle housing stock and historical production across the region.

Data Note:

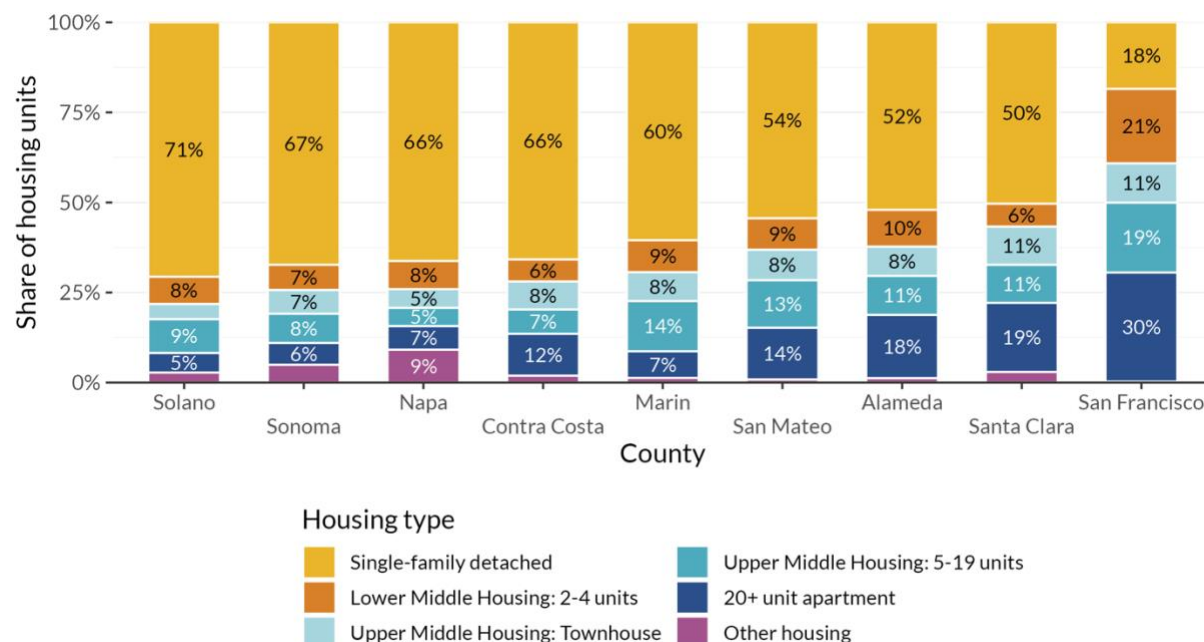
Data in this section comes from the U.S. Census Bureau—specifically, 2019 American Community Survey (ACS) 1-year sample data from the Public Use Micro Data Sample (PUMS) and permit data aggregated by the U.S. Department of Housing and Urban Development (HUD). While definitions of middle housing can vary, ECONorthwest’s analysis of Census data uses “attached units” and buildings having “2-4 units” and “5-19 units” as the best available proxy for middle housing within that data set. HUD’s permit data does not include a category for 1-unit attached housing permits and groups all buildings with 5+ units together, which results in discrepancies between the permit data and PUMS.

Existing Middle Housing Stock

As shown in Figure 2, middle housing—combining “lower” and “upper” scales—makes up about 18% to 28% of the housing stock for most ABAG counties, except for San Francisco County, where 51% of units are middle housing.

Figure 2. Housing Units by Housing Type and County

Source: ECONorthwest, using ACS PUMS 2019 1-year estimates

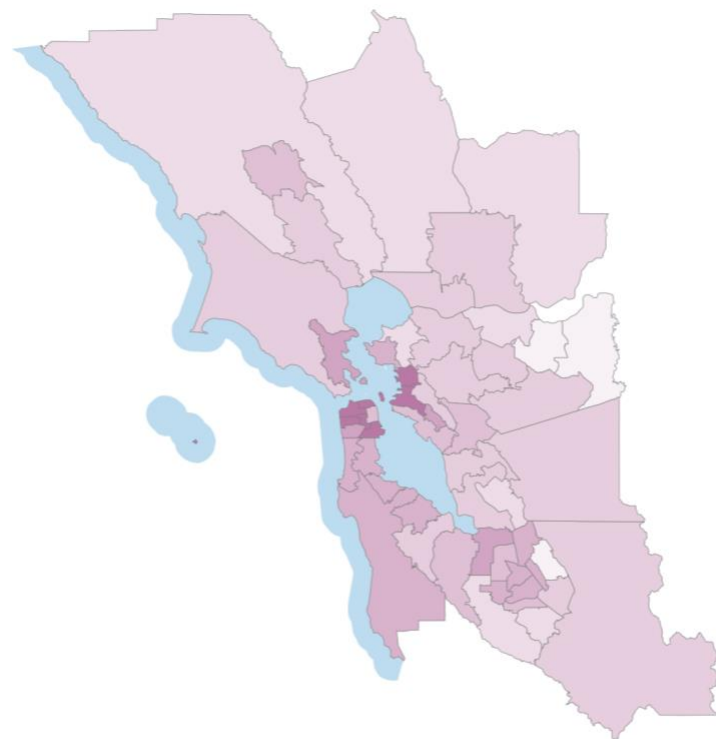


Note: Other housing includes mobile homes, RVs, boats, etc., but does not include group quarters.

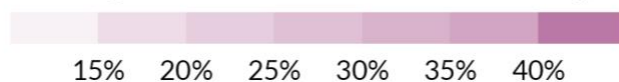
Looking at the PUMA scale to see how the pattern varies within counties (Figure 3) shows higher concentrations of middle housing (2- to 19-unit buildings and attached units) in more urban areas with lower percentages towards the edges of the region.

Figure 3. Missing Middle Share of Total Housing Units

Source: ECONorthwest, using ACS PUMS 2019 1-year estimates



Missing middle share of PUMA housing units

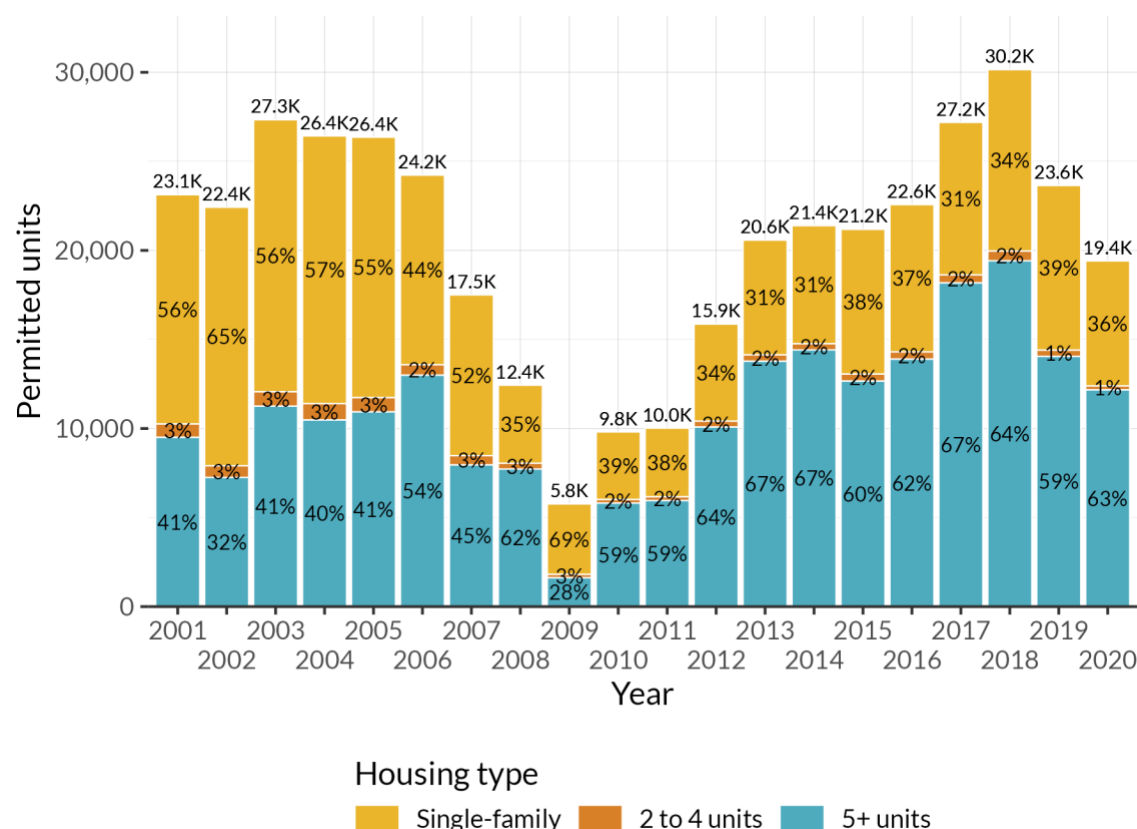


Middle Housing Development Trends

Middle housing development has varied over time. Over the past 20 years, 2-4 unit middle housing has made up a very small portion of the housing permitted and built in the ABAG region, as seen in Figure 4. However, it is important to note that HUD's State of the City Data System (SOCDS), the main source of permit data for the ABAG region, does not differentiate between 1-unit attached and 1-unit detached structures, resulting in townhome development being classified under single-family or multifamily (e.g., for townhome-style apartments) categories.

Figure 4. Housing Units Permitted in ABAG Region by Housing Type and Year

Source: ECONorthwest, using HUD SOCDS

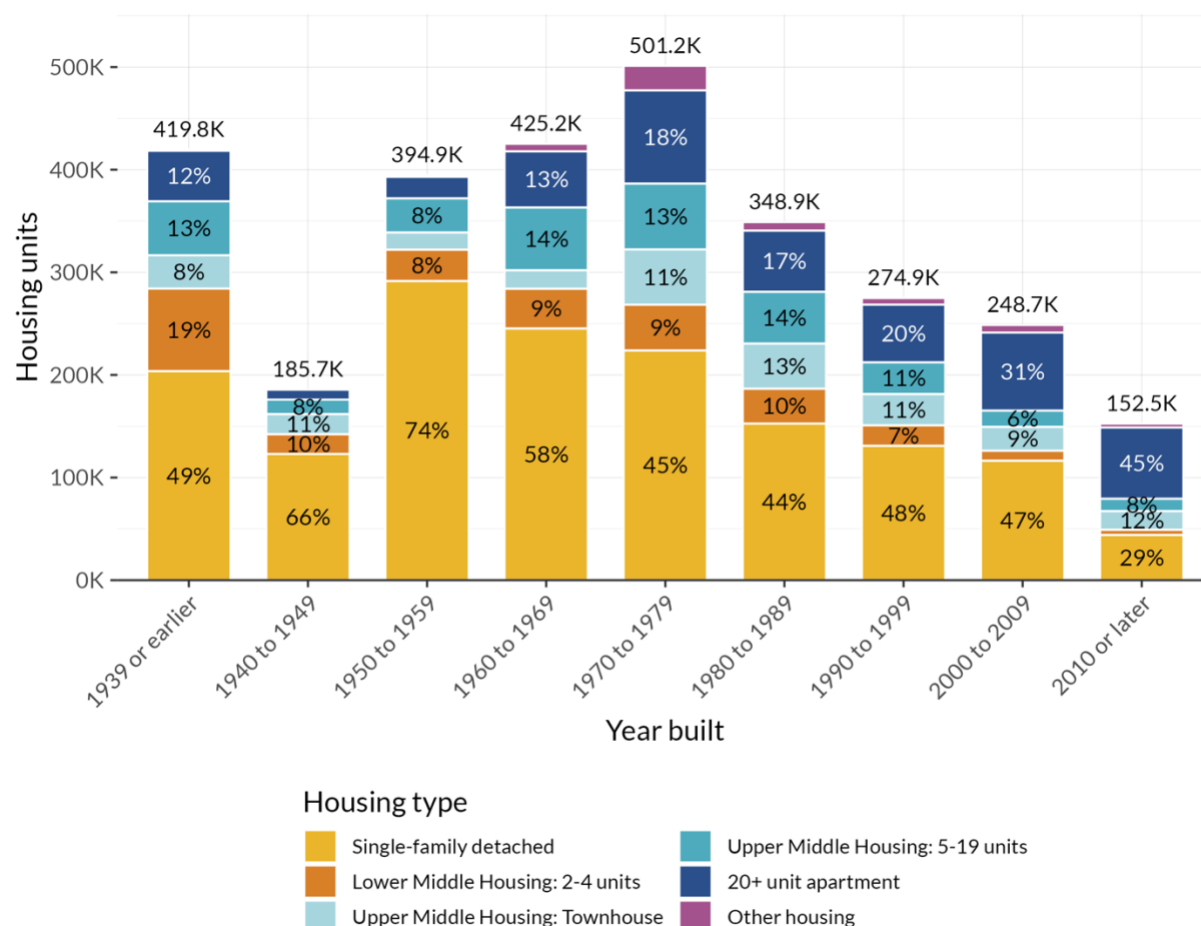


Looking at all existing housing today by the decade in which it was constructed,¹ it's clear that middle housing has never been the predominant housing type in the region, but its share of the housing stock has varied over time. As shown in Figure 5, middle housing represents more than a quarter of the existing housing that was built before 1940. However, the vast majority of the housing built in the 1950s, following WWII, was single-family detached, with middle housing accounting for just 12% of the units built in that decade. Since the 1950s, the share of single-family detached housing that dates from each decade has been dropping, while the share that is larger apartment buildings has steadily increased. Middle housing and smaller apartment buildings with less than 50 units both account for a larger share of the housing built in the 1970s and 1980s than in most other decades, but have been decreasing as a share of units since that time.

¹ Note that this data may not be entirely representative of all housing built in a given decade, because it captures only the housing that still exists today. Smaller homes and housing that was poorly constructed are generally less likely to have survived to the present day and may be under-represented in this data set; however, this could include housing of all housing types, and we do not have data regarding the distribution of housing that has been redeveloped over time.

Figure 5. Housing Units in ABAG Region by Decade Built and Housing Type

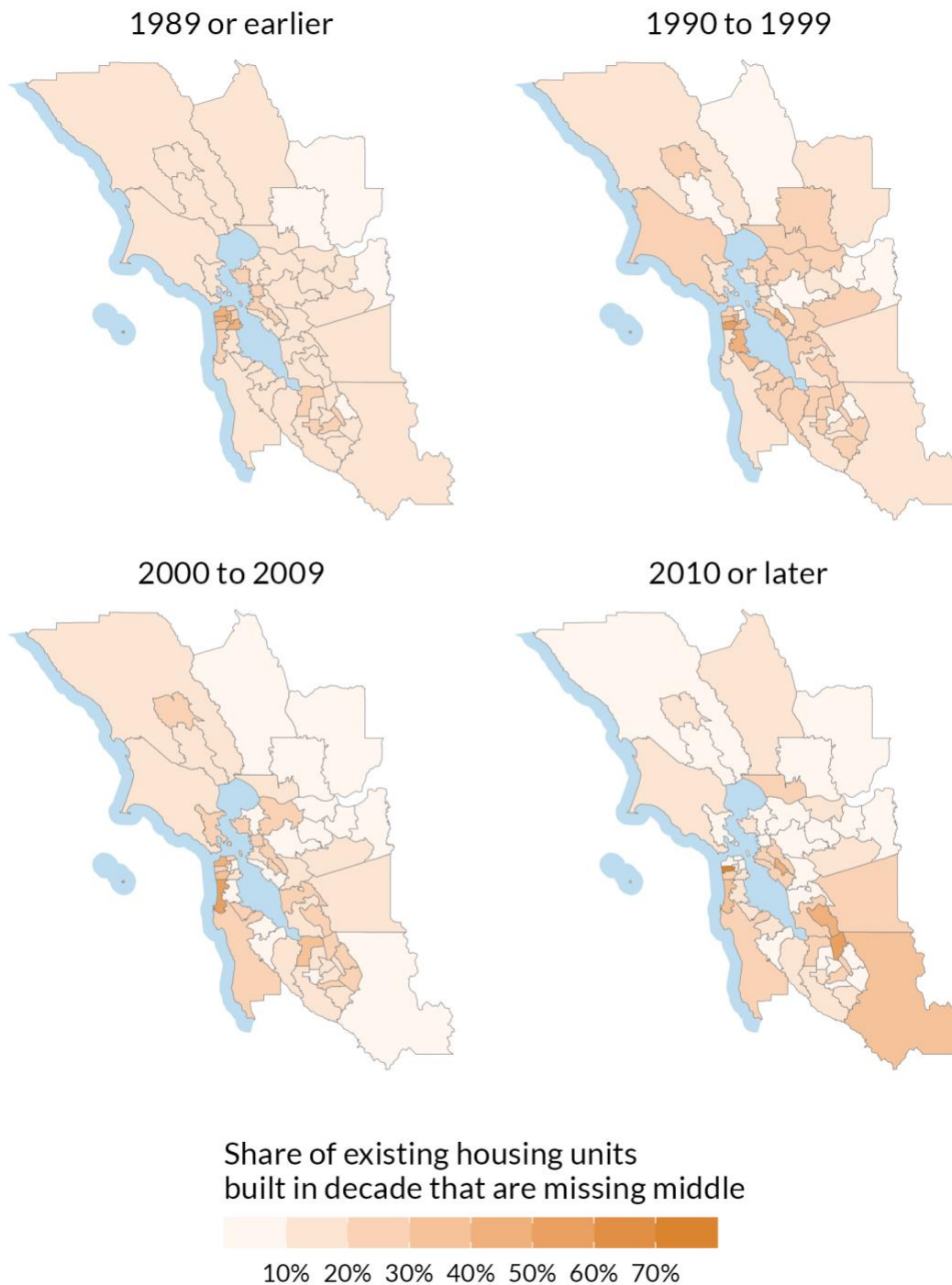
Source: ECONorthwest, using ACS PUMS 2019 1-year estimates



The development pattern of middle housing has also varied across the region, as shown in Figure 6. The highest concentration of middle housing built before 1990 is in San Francisco, with notable shares in Berkeley, Oakland, Richmond, and San Jose areas. Although there were fewer middle housing units built in the 1990s overall, they were more evenly spread throughout the Bay Area. Middle housing construction overall dipped again in the following decade, but middle housing share of new units increased in San Mateo County. For housing built in the past decade, there are higher concentrations of middle housing in parts of eastern Santa Clara County, Concord, Walnut Creek, and Vallejo, among other areas.

Figure 6. Middle Housing Share of Housing Units Built by Decade Built

Source: ECONorthwest, using ACS PUMS 2019 1-year estimates



Section 2. Middle Housing Residents

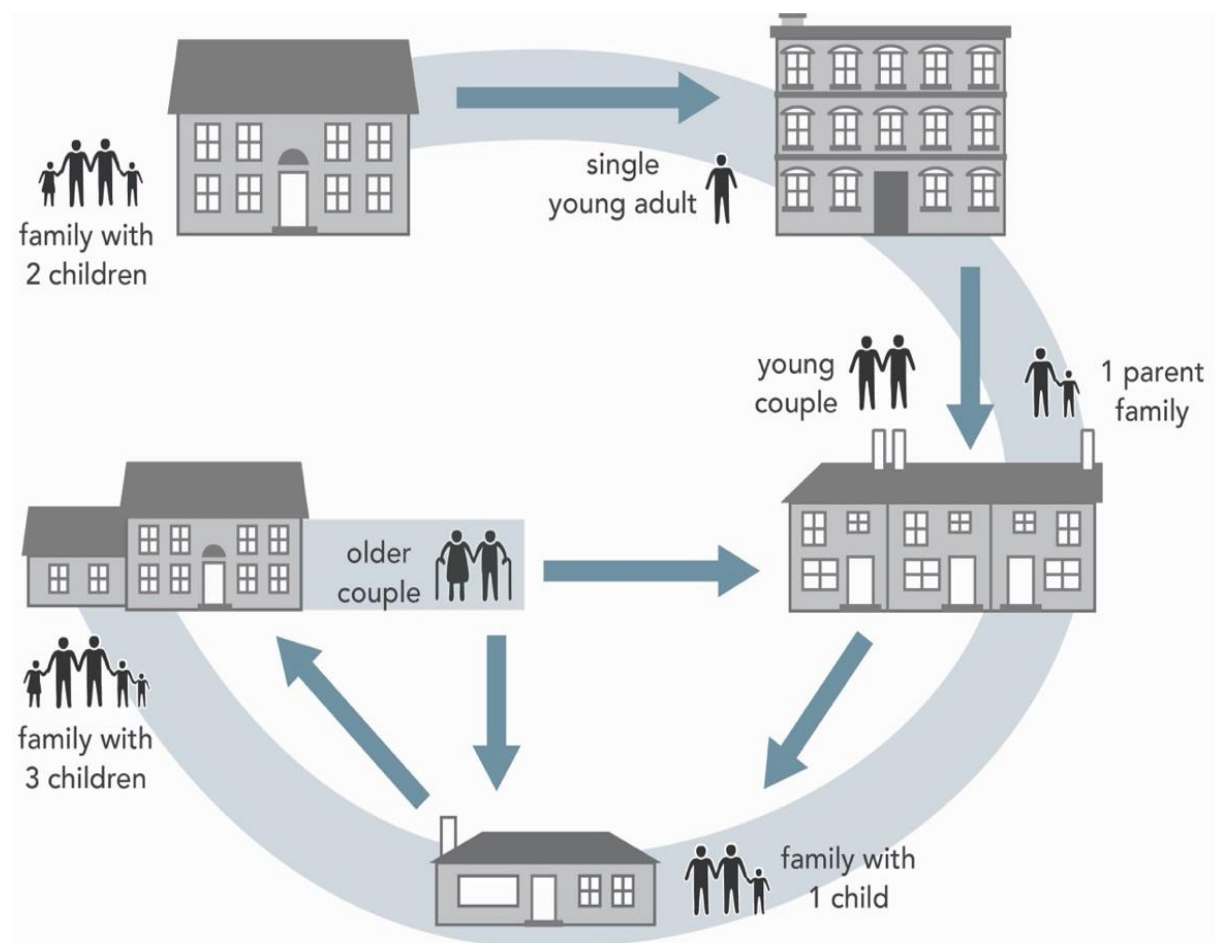
This section considers how middle housing can align with housing types by life stage and household size as well as actual data on who is living in the Bay Area's existing middle housing stock today.

Who Might Middle Housing Serve?

Middle housing can meet a variety of housing needs. It can provide both rental and homeownership opportunities across a broad range of unit sizes and price-points. It can serve those seeking smaller homes, lower cost housing in desirable areas, more environmentally sustainable housing, and multigenerational housing, among other things. Seniors, younger new households, and small households are all growing segments of the population that have reasons to consider middle housing.

Figure 7. Illustration of the Lifecycle of Housing Needs

Source: ECONorthwest, adapted from Clark, W. A. V., & Dieleman, F. M. (1996). *Households and housing: Choice and outcomes in the housing market*. New Brunswick, N.J.: Center for Urban Policy Research.



- **Seniors and Older Adults:** America is aging, and the number of seniors will continue to grow for the next few decades. By 2035, seniors (over age 65) are expected to comprise one-fifth of the total U.S. population and outnumber children for the first time ever. Seniors may prefer housing that allows for downsizing, lower-maintenance living, and aging in place. This could include middle housing types with few stairs and shared or low-maintenance outdoor areas.
- **Younger Households:** Younger households are more likely to be renters initially, and progress into homeownership when they are able. Lower-cost homeownership opportunities, which can include middle housing types, can help first-time homebuyers make the leap to homeownership.
- **Single-Person and Single-Parent Households:** Nuclear family households, the predominant type of household of the mid 20th Century, shrunk from 40% in 1970 to 20% in 2018 while in contrast, the share of single-person households increased from 15% in 1970 to 28% in 2018. Today, single person households are the most prevalent household type. Growth in single-parent households has elevated so that by 2015, 27% of children were living with a single parent.² These trends have increased the demand for smaller housing.

Who Lives in Middle Housing Today?

Middle housing residents in the ABAG region are not a homogenous group; they vary greatly in terms of size, composition, race, ethnicity, income, and tenure. A household living in a rowhouse in San Francisco and a household living in a duplex in Fremont are likely to differ in significant aspects such as income, the rate of cost-burdening, or their reliance on cars as a primary mode of transportation. Simply summarizing demographic data for all missing middle households across all nine counties, without accounting for local context, would generalize away important information.

To account for local geographic context, we summarized key census microdata variables at the smallest geographic unit available – the Public Use Microdata Area (PUMA) – comparing middle housing households to all other types of households within their local area. The data comes from ACS, and households in the “missing middle” housing type include those living in buildings that are identified as “attached units” or having “2-4 units.”

The difference between middle housing households in a PUMA and other households in the same PUMA is summarized by calculating the percentage point difference in their characteristics. For example, if 45% of middle housing households are renters and 30% of all

² AARP (2018) Making Room for a Changing America, U.S. Census Bureau Annual Social and Economic Supplements 1950 and 1970, 2015 U.S. Census ACS, PSRC Draft 2050 Forecast of People and Jobs.

other households are renters, then we say middle housing households are 10% more likely to be renters than households in their area.

The results from all 55 PUMAs in the ABAG region are summarized (weighted by the number of missing middle households) to arrive at the regional average differences between missing middle households and other households.

Tenure and Income

Middle housing households are more likely to be renters than all other households in their area, but middle housing renters are less likely to be cost-burdened than the other renters in their area. Middle housing renters may be less likely to be burdened compared to other renters because much of middle housing's rental stock are older, unregulated units that have filtered down to more affordable levels over time. In contrast, middle housing households who do own their home are more likely to be cost-burdened than other home-owners in their area, perhaps because they tend to have lower incomes.

Overall, households living in middle housing in the Bay Area are more likely to earn less than the Area Median Income for their area (as defined by HUD) than other households in their area, as shown on Figure 8. However, the difference in household incomes vary greatly in the ABAG region. Figure 9 shows that middle housing households are more likely to have lower incomes in the North Bay area as well as in Richmond, Oakland, Redwood City, Palo Alto, and Mountain View, among others. Middle housing households are less likely to have lower incomes in San Francisco, Fremont, and Santa Clara, among others.

Figure 8. Tenure and Income of Middle Housing Households Compared to Other Households

Source: ACS PUMS 2019 1-year estimates

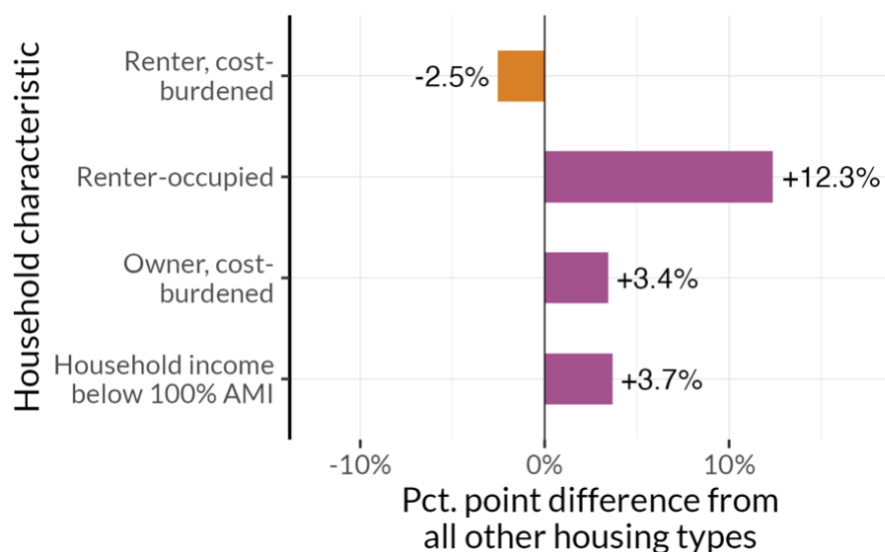
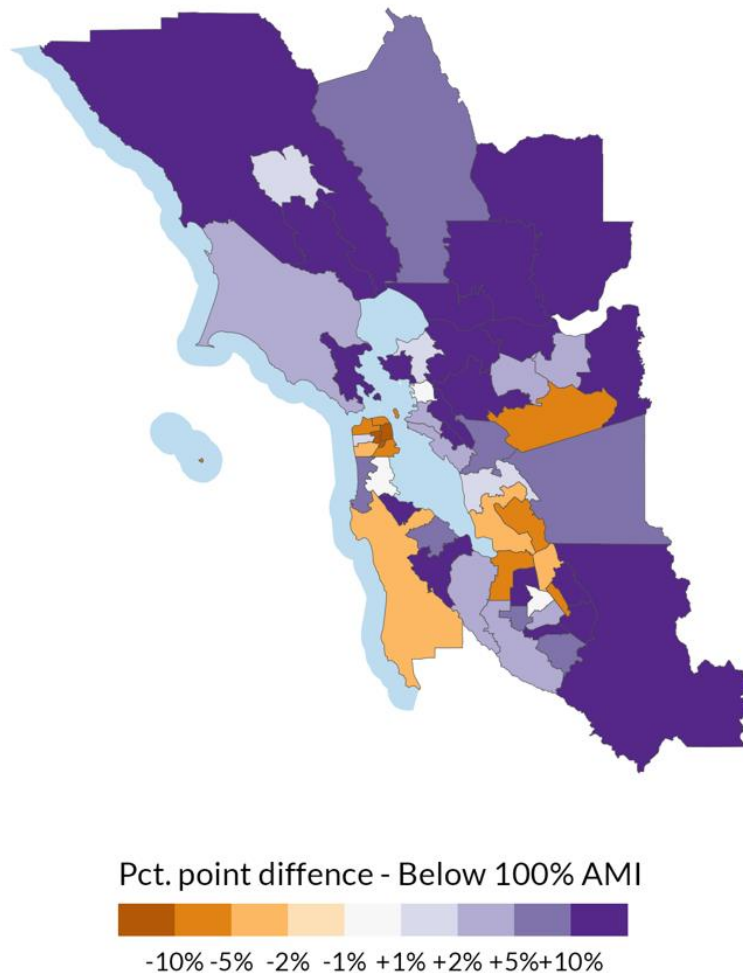


Figure 9. Likelihood of Middle Housing Households Earning Below 100% of Area Median Income Relative to Other Households in the Same PUMA

Source: ACS PUMS 2019 1-year estimates



Demographics

Figure 10 shows that, compared to other households in their area, households living in middle housing overall are:

- Less likely to include those age 65 and up;
- More likely to have a child present; and
- More likely to have a head of household who is a person of color (POC), meaning someone who does not identify as “White and non-Hispanic”.

However, as with income, there are some areas where middle housing households are less likely to have POC residents than other housing, including northeast San Francisco, parts of San Jose, and parts of Contra Costa County (see Figure 11).

Figure 10. Demographics of Middle Housing Households Compared to Other Households

Source: ACS PUMS 2019 1-year estimates

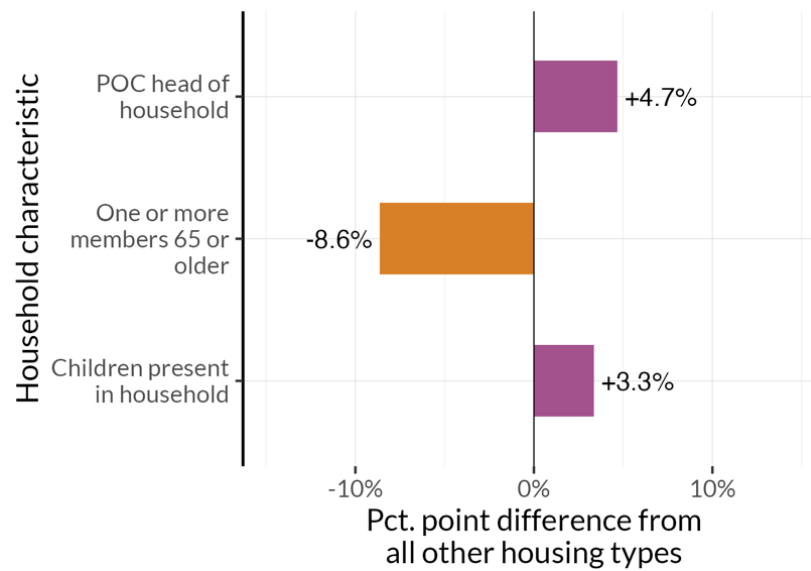
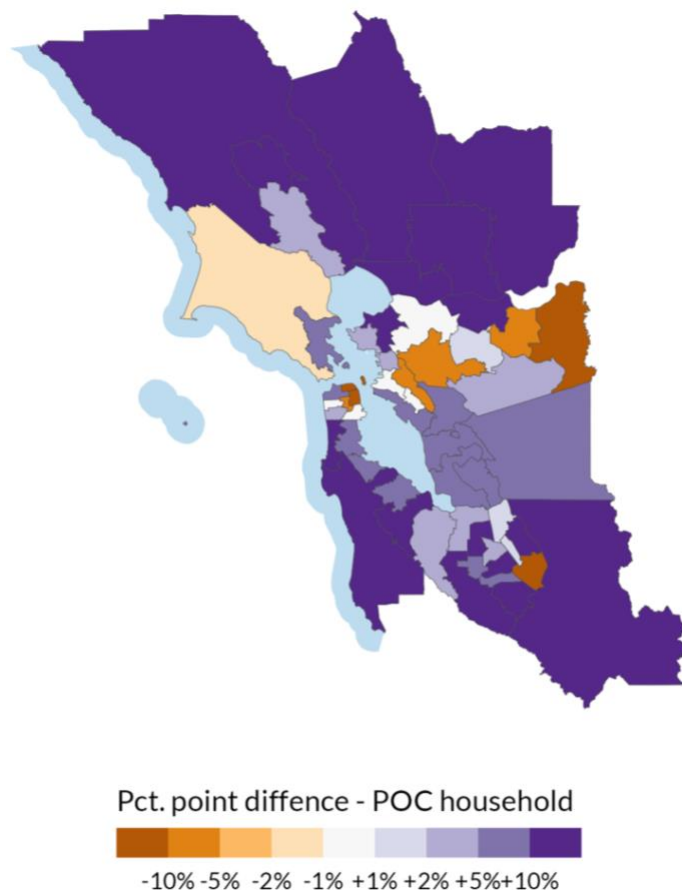


Figure 11. Likelihood of Middle Housing Households that are People of Color Relative to Other Households in the Same PUMA

Source: ACS PUMS 2019 1-year estimates



Transportation

Middle housing households in the region are more likely to have one or no vehicles compared to all other households and are slightly more likely to use transit or bike/walk to work.

There are geographic differences in commuting mode. Figure 13 shows that middle housing households are more likely to use transit or bike/walk to work in most of the Bay Area, which is likely correlated with access to the BART transit system. Middle housing households are less likely to commute by transit or bike/walk in parts of San Francisco, near San Jose and Concord, and in Marin County.

Figure 12. Vehicle Ownership and Mode of Commute Among Middle Housing Households Compared to Other Households

Source: ACS PUMS 2019 1-year estimates

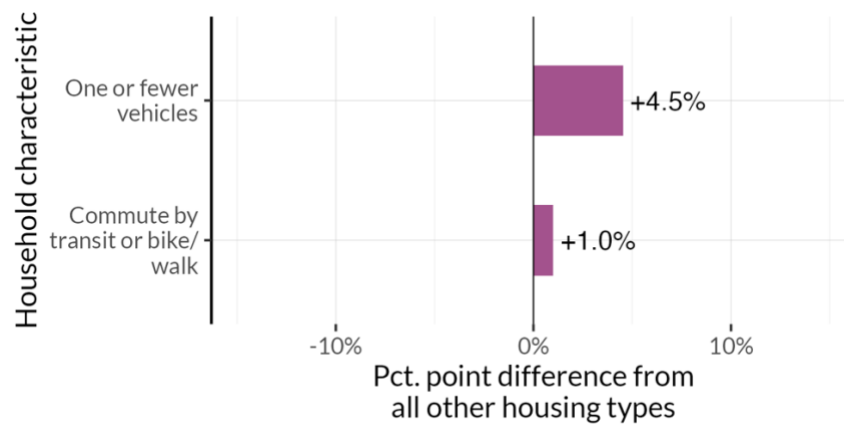
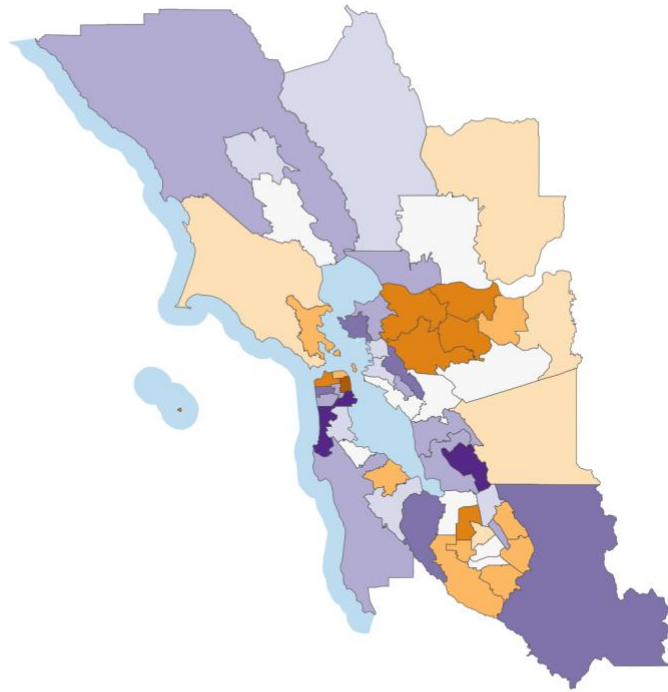
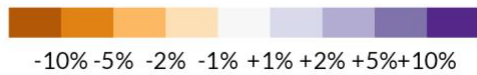


Figure 13. Likelihood of Middle Housing Households that Commute by Transit, Bike, or Walk Relative to Other Households in the Same PUMA

Source: ACS PUMS 2019 1-year estimates



Pct. point difference -
Transit/bike/walk commute



Section 3. Middle Housing Market Conditions

Understanding the Middle Housing Market

Middle housing is just one of many choices that households have when making housing decisions. Their housing type preferences tend to be influenced by their income, savings, household size and composition, age, and lifestyle (see discussion on page 5). The market for middle housing is made up of households who might choose middle housing over another housing type if the middle housing was available in a suitable location and at price point within their means. The housing market can be thought of as two separate but interconnected markets: one for for-sale housing, and one for rental housing. Within both the for-sale and rental markets, middle housing is “competing with” both single-family housing and larger multifamily housing, but single-family housing is more likely to be owner-occupied / for-sale, while multifamily housing is more likely to be rental apartments, with fewer for-sale condominiums. In lower-density areas, nearly all ownership housing is single-family detached, and a sizeable share of the rental market is older single-family homes that are managed as rentals. In higher-density areas, condominiums may be the primary ownership option, and nearly all rentals are in multifamily buildings.

Zoning regulations and government programs have a strong influence over the housing options available within a community’s housing market today. However, even a highly constrained housing market can tell us something about the prospective market for middle housing if zoning regulations were to change. For example:

- In areas where homebuyers are choosing between single-family detached homes and potential for-sale middle housing units, demand and high prices for luxury single-family homes is likely to translate into high land costs and high prices for newer middle housing as well, with larger unit sizes and potentially more outdoor space. While the middle housing will typically be less expensive than new single-family housing, it may still be too expensive for many households. There may also be strong demand for lower-cost housing options in these areas; however, for lower-cost units to be viable and potentially compete with luxury housing development in areas with high land costs, they must be able to spread the costs across more units through higher density.
- Areas with a strong demand for family-size, moderately-priced rental and for-sale units that do not have high demand for luxury units may see development of more moderately-priced middle housing with two to four bedrooms and small yards, common open space areas, or other outdoor space.
- Areas with many one- and two-person renter households and a strong rental market for smaller apartment units may see middle housing with smaller rental units and less emphasis on outdoor space (perhaps balconies or roof decks) if regulations allow it in ways that are efficient to build.

Bay Area Housing Market Conditions and Trends

This section summarizes market conditions and trends for middle housing, both new construction and older units. Examples drawn from recent sales transactions illustrate various middle housing options that exist today in the ABAG region.

Sales Prices

Home Prices and Affordability by Housing Type

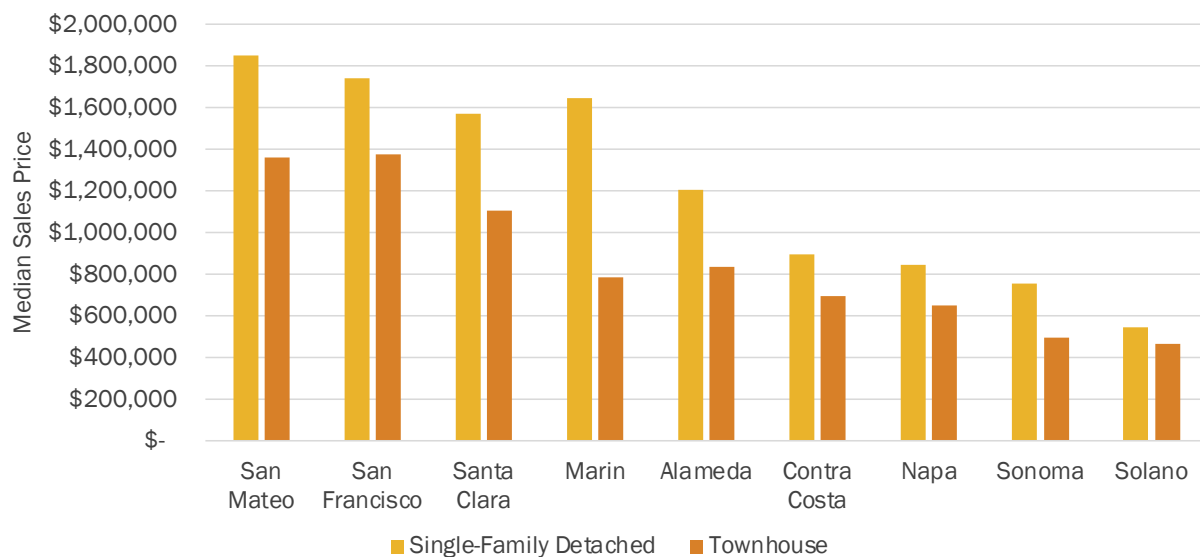
Home prices vary by county and housing type. According to summary data available through Redfin, 2021 year-to-date (YTD) median sales prices of single-family detached and townhouses are both over \$1 million in San Mateo, San Francisco, and Santa Clara Counties, where incomes tend to be higher. As shown in Figure 14, the median sale price of single-family detached units is consistently more expensive than the median sale price of townhouses across all counties in the ABAG region.

Data Note:

Middle housing sales data come from Redfin (for overall data) and Zillow (for some transaction data) and were obtained in July 2021. In the Redfin data, the “townhouse” category was selected to best represent for-sale middle housing. While some middle housing may be sold as condominiums, condominium units overall tend to be in larger multifamily buildings that are not representative of middle housing. There is also some data for “multifamily 2-4 units”, but it captures sales transactions for small rental properties (without regard for whether the property has two, three, or four units) and is not a reliable indicator of for-sale middle housing prices.

Figure 14. 2021 YTD Median Sales Price by County, Single-Family Detached and Townhouses

Source: Redfin, July 2021



Additionally, as shown in Table 1, the median single-family detached unit sales price exceeds 120% of median family income (MFI) in all but one county, as compared to townhouses which are affordable at close to 100% of MFI for four of the nine counties.³

Table 1. Incomes Needed to Afford a Mortgage in 2021 by County and Housing Type

Source: ECONorthwest analysis of Redfin data; Median Family Income from California Department of Housing and Community Development

	San Mateo	San Francisco	Santa Clara	Marin	Alameda	Contra Costa	Napa	Solano	Sonoma
Townhouse									
Median sales price	\$1,359,700	\$1,374,700	\$1,106,900	\$785,700	\$834,800	\$696,300	\$649,500	\$493,800	\$465,700
Annual income needed to afford mortgage	\$257,770	\$260,530	\$211,330	\$152,330	\$161,350	\$135,900	\$127,310	\$98,700	\$93,540
Annual income needed as a percent of MFI*	172%	174%	140%	102%	128%	108%	125%	99%	91%
Single-Family									
Median sales price	\$1,851,300	\$1,741,400	\$1,571,000	\$1,645,400	\$1,204,300	\$895,900	\$843,300	\$752,600	\$546,300
Annual income needed to afford mortgage	\$348,060	\$327,890	\$296,580	\$310,240	\$229,220	\$172,560	\$162,910	\$146,250	\$108,350
Annual income needed as a percent of MFI*	233%	219%	196%	207%	183%	137%	160%	147%	105%

*as compared to 100% MFI for a 4-person household. Orange indicates less affordability, blue indicates greater affordability.

Note: Estimates of the income needed to afford a mortgage, as expressed as a percent of MFI, use a budget-based approach related to the 100% MFI income limit (for a household of four) as defined by HUD for each county. The calculations assumed dedicating 30% of a household's income to housing, a 20% down payment⁴ and a 30-year mortgage with a 3.5% interest rate. The calculations also factored in assumed HOA dues of \$200 per month, property taxes at 1% of value, and homeowner's insurance of 0.20% of value.

As shown on Figure 15, on a per-square-foot basis, single-family detached is still generally more expensive than townhouses, despite the fact that single-family detached homes tend to be larger than townhouse units (see Figure 16), and smaller units are sometimes associated with higher per-square-foot sales prices.

³ The price, as expressed as a percent of MFI, is a ratio of the annual income needed to afford a mortgage and other costs of homeownership (e.g., property taxes and homeowners' insurance), divided by the 100% MFI income limit for a household of four. For prices less than 100% MFI, this approach is different from the complex formula used by HUD to set income limits for affordable housing program eligibility in high-cost housing markets.

⁴ For households earning less than median income, a 20% down payment might require down payment assistance. Without the assistance, the owners might have to put down less than 20%, which would increase the monthly mortgage payment and add mortgage insurance costs, reducing what the household could afford and increasing the income needed to afford to buy at a given price point.

Figure 15. 2021 YTD Median Sales Price per Square Foot by County, Single-Family Detached and Townhouses

Source: Redfin, July 2021

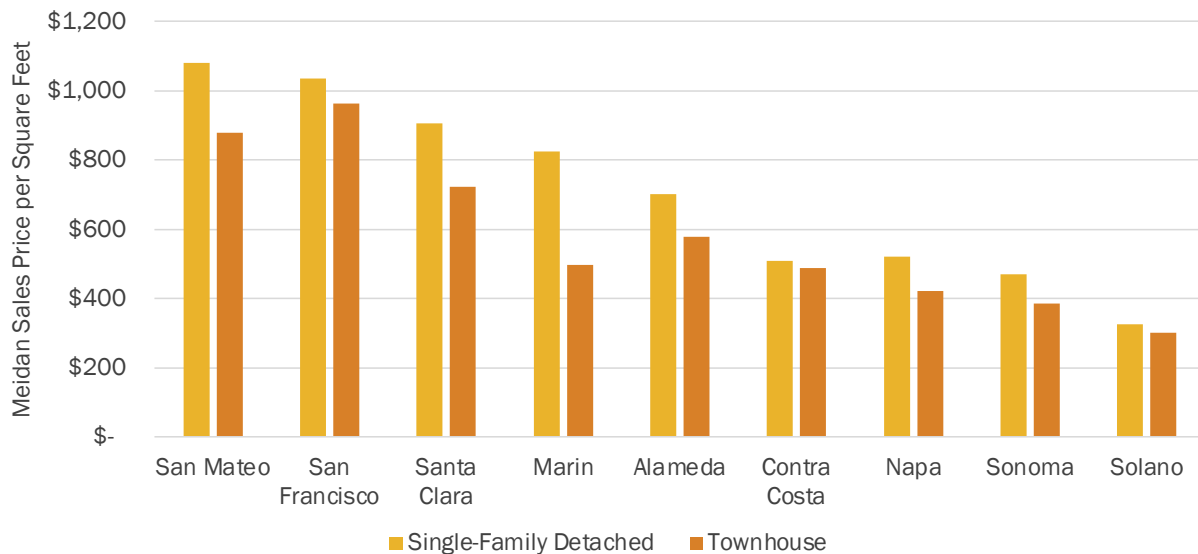
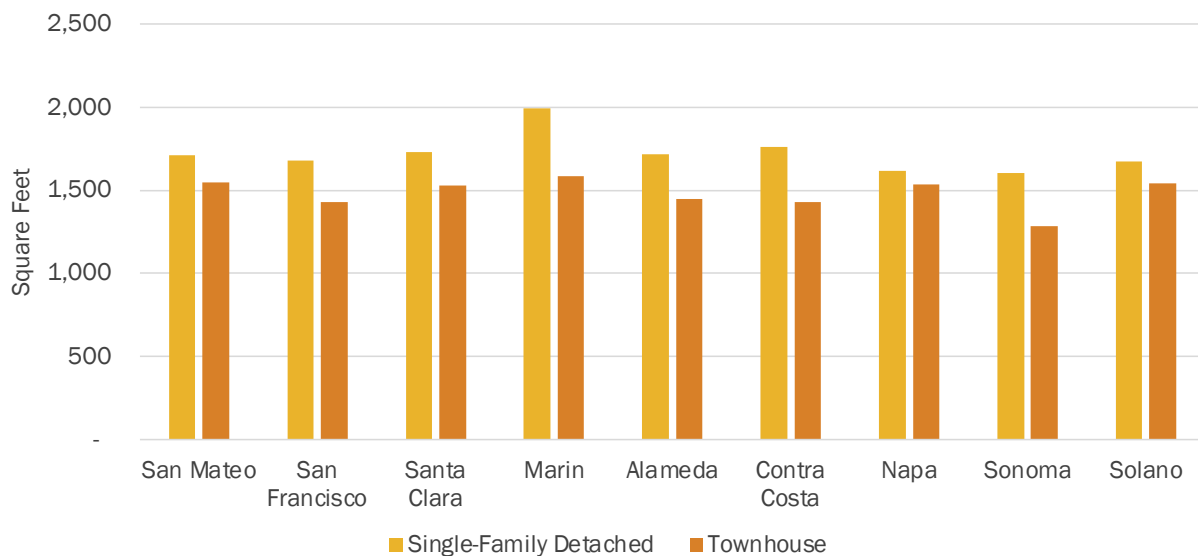


Figure 16. 2021 YTD Median Unit Size (Gross Building Area)

Source: Redfin, July 2021



Home Prices for New Construction

Redfin also provides data comparing sales of new construction (sales from home builders of homes that have never been lived in) to sales of existing homes. The data on new construction is volatile because there are comparatively few units sold each month, but the trend over time and comparison between single-family detached and townhouses is fairly consistent, as shown in Figure 17 and Figure 18. (Data is only available for the larger metro areas—San Francisco-Oakland-Berkeley and San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Areas.)

The charts show that while pricing of new construction is volatile, it is typically more expensive than existing housing, and the price of new single-family detached homes is escalating faster than that of new townhouses. Furthermore, the sale price of new townhouses is generally close to the median price of existing single-family detached homes in the area, while new single-family detached homes are typically selling for well above the median price of existing homes in the area.

Figure 17: Median Sale Price of New Construction and Existing Home Sales, San Francisco Metro, 2011-2021

Source: Redfin, July 2021, 90-day rolling

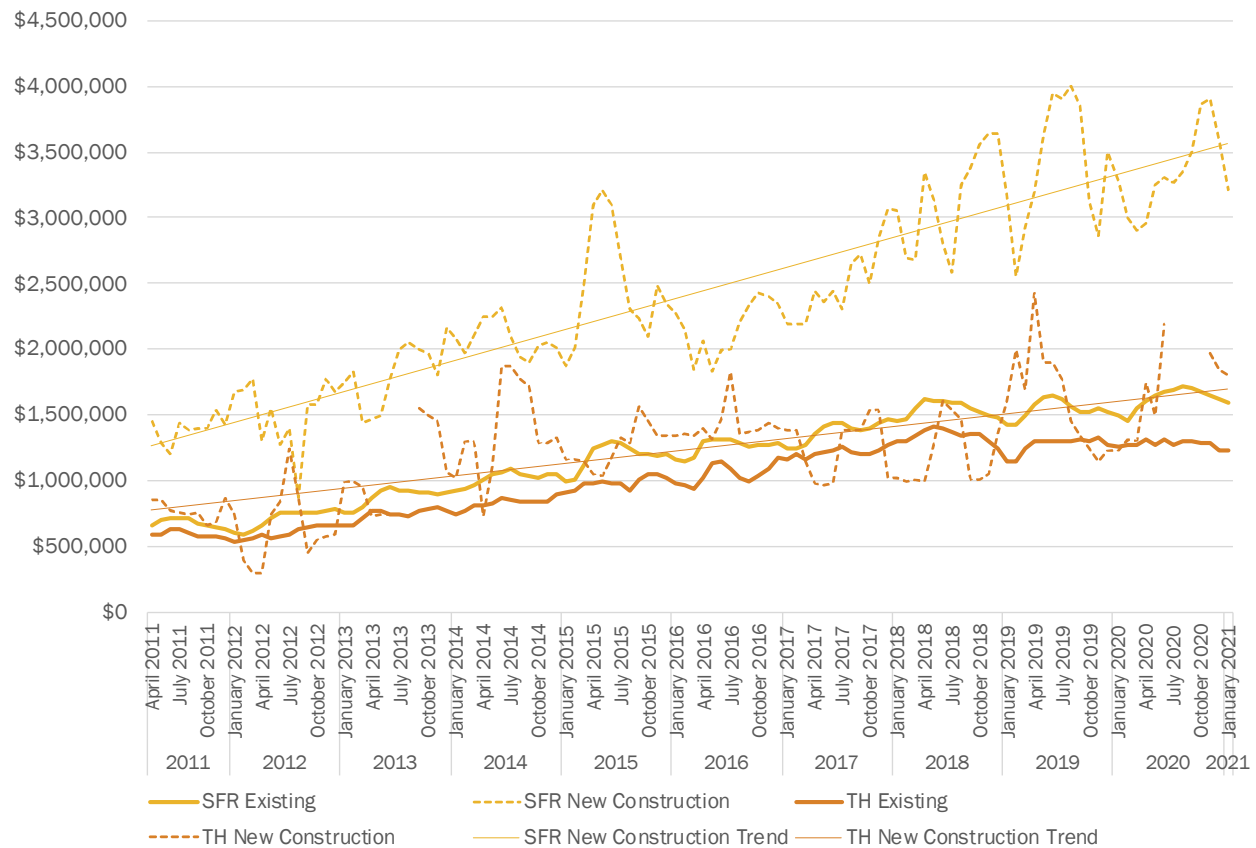
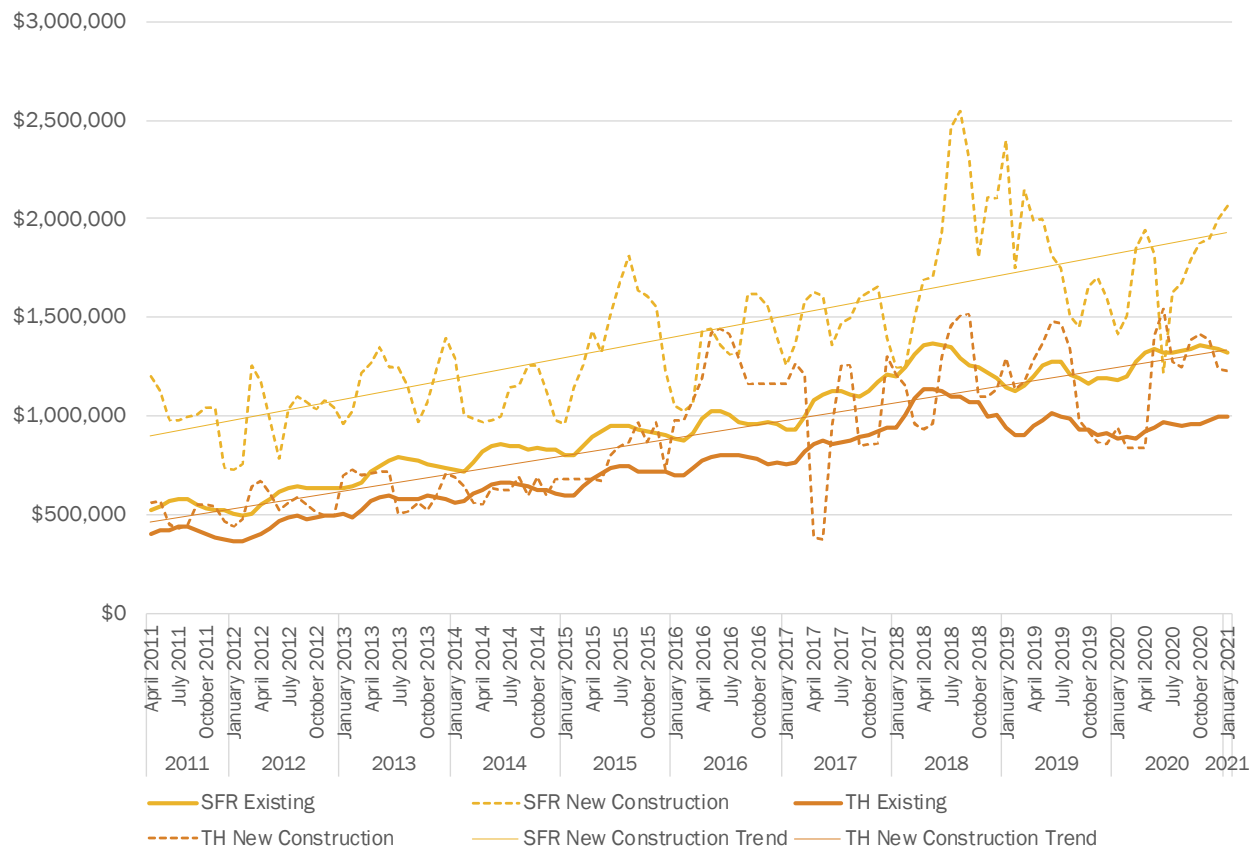


Figure 18: Median Sale Price of New Construction and Existing Home Sales, San Jose Metro, 2011-2021

Source: Redfin, July 2021, 90-day rolling



Rental Market

Rent Trends

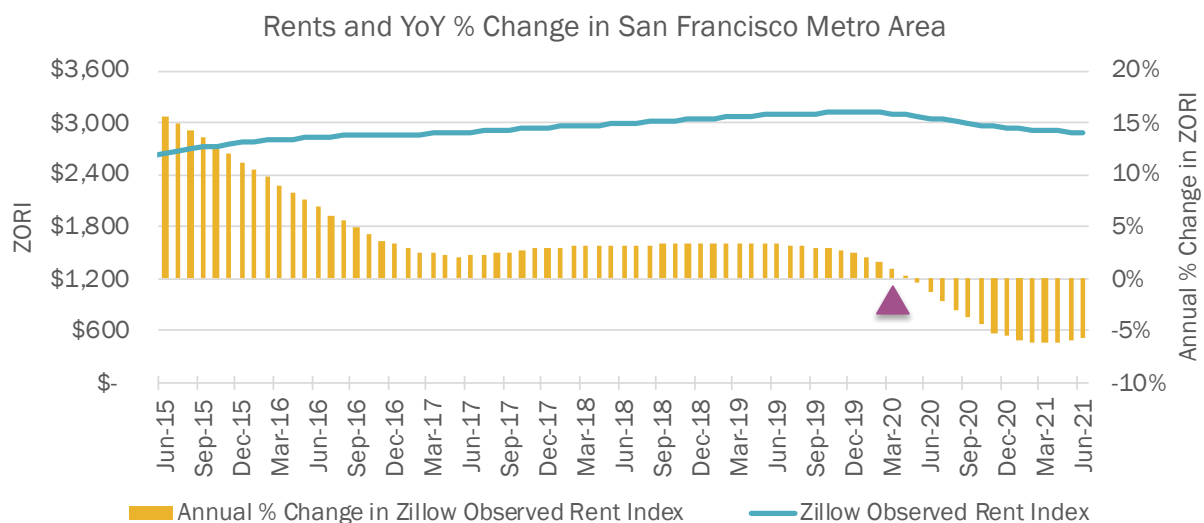
The overall rental market in the Bay Area experienced a rapid increase in rents in the middle of the last economic cycle. Figure 19 shows an annual rent increase of 10% to 15% in 2015. The pace of rent growth slowed in 2016 and settled at about 3% per year through 2019. In the past year, rents have fallen by 6% on an annual basis due to the pandemic.

Data Note:

Rental data comes from CoStar (a proprietary data source primarily focused on larger income properties) and from Zillow's Observed Rent Index. In the CoStar data, multifamily developments with 2 to 5 units were selected to represent middle housing types in some cases, but due to data limitations for this scale of property, two- to three-story properties with up to 20 units were used for more detailed analysis.⁵ Zillow's rent data does not differentiate by housing type.

Figure 19. Overall Rent Trends, San Francisco Metro Area, 2015-2021

Source: Zillow Observed Rent Index

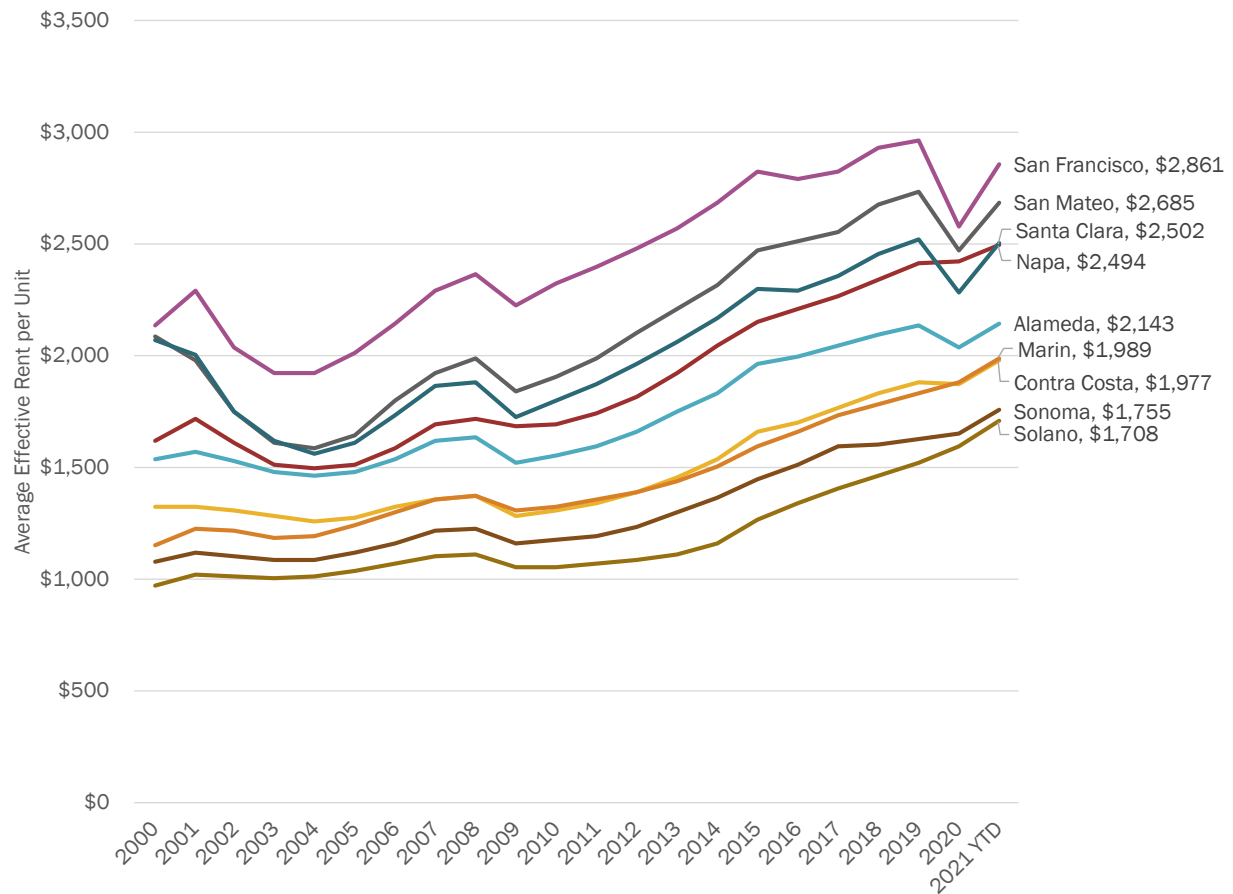


Looking at multifamily rent (for multifamily buildings of all sizes) by County, a similar trend appears, with fairly steady rent growth post-recession starting in 2009-2010, with a dip in 2020 across many of the more urban counties due to COVID. Average rent per unit, blending all sizes of units and accounting for concessions (e.g., offering weeks of free rent at the start of a lease), as of July 2021 ranges from just over \$1,700 in Solano and Sonoma Counties to over \$2,800 in San Francisco County.

⁵ Because of CoStar's focus on larger income properties and the difficulty of collecting data from many small landlords for smaller multifamily properties, data coverage and quality for housing in this size range is poor; however, there are no better readily available sources of data for this type of housing.

Figure 20. ABAG Region Multifamily Rent Trends by County, 2000-2021

Source: ECONorthwest, using data from CoStar (average effective rent per unit)

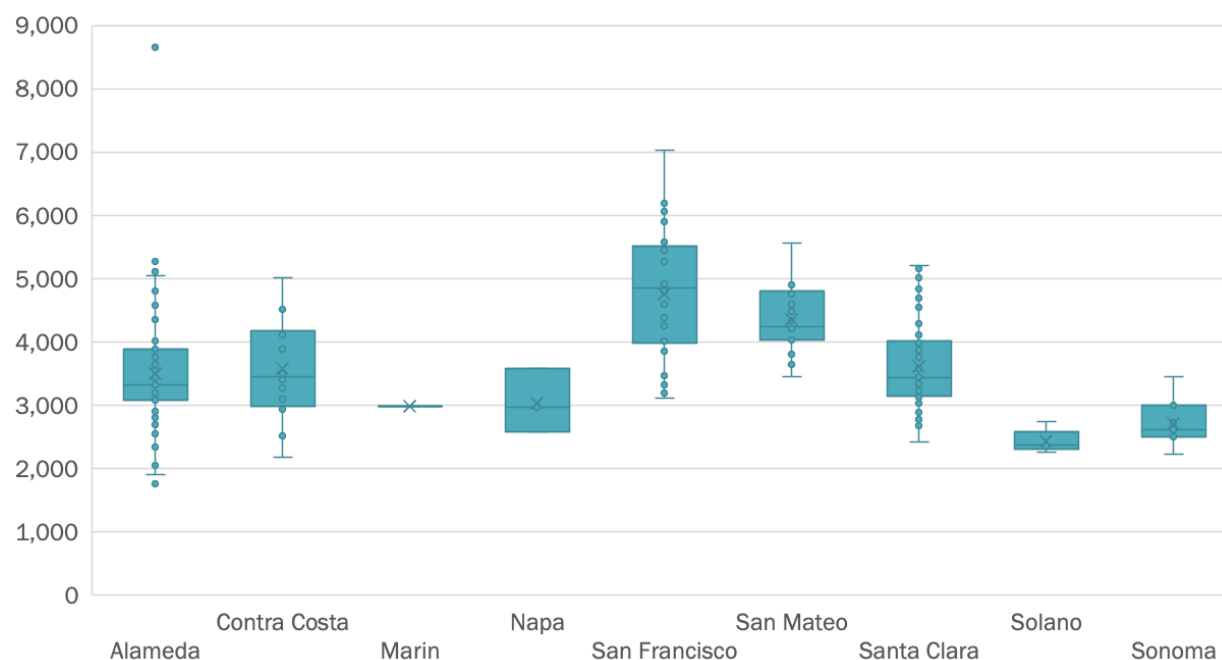


Rent for New Construction

For newer multifamily buildings in particular, looking specifically at two-bedroom rents, Figure 21 shows that very few newer buildings offer rents below \$2,000 per month for an average two-bedroom unit. Most newer building rents fall between \$3,000 and \$4,000 for a two-bedroom in Alameda, Contra Costa, and Santa Clara Counties, while in San Francisco and San Mateo most newer buildings charge between \$4,000 and \$5,000 or more for a typical two-bedroom. There are few newer apartment buildings in Marin, Napa, Solano, and Sonoma Counties, but their rents are somewhat more affordable, at between about \$2,500 and \$3,500 for a two-bedroom.

Figure 21: Distribution of Rents for Multifamily Built in Last 10 Years by County (Two Bedroom Units)

Source: ECONorthwest, using August 2021 data from CoStar; effective rents for market-rate multifamily built since 2011



Within these newer buildings, Figure 22 shows that smaller-scale multifamily that is more similar to middle housing tends to be less expensive than other, larger multifamily buildings. This is likely due to differences in the cost of construction at different scales and the number and type of amenities that are provided in the building—larger buildings tend to have more amenities, which can add costs and also increase what tenants are willing to pay in rent. As shown in Table 2, the two-bedroom rents of the newer small multifamily buildings are generally affordable at 70-110% of MFI for a three-person household, while those for larger new multifamily buildings tend to be affordable for households earning 100-140% of MFI for a three-person household.⁶

⁶ To arrive at the estimates of the income needed to afford the rent, as expressed as a percent of MFI, we assumed dedicating 30% of a household's income to housing and compared that income to the 100% MFI income limit (for a household of three, as is the typical assumption for 2-bedroom units) as defined by HUD for each county.

Figure 22: Rents for Multifamily Built in Last 10 Years by County and Building Scale (Two Bedroom Units)

Source: ECONorthwest, using August 2021 data from CoStar; effective rents for market-rate multifamily built since 2011

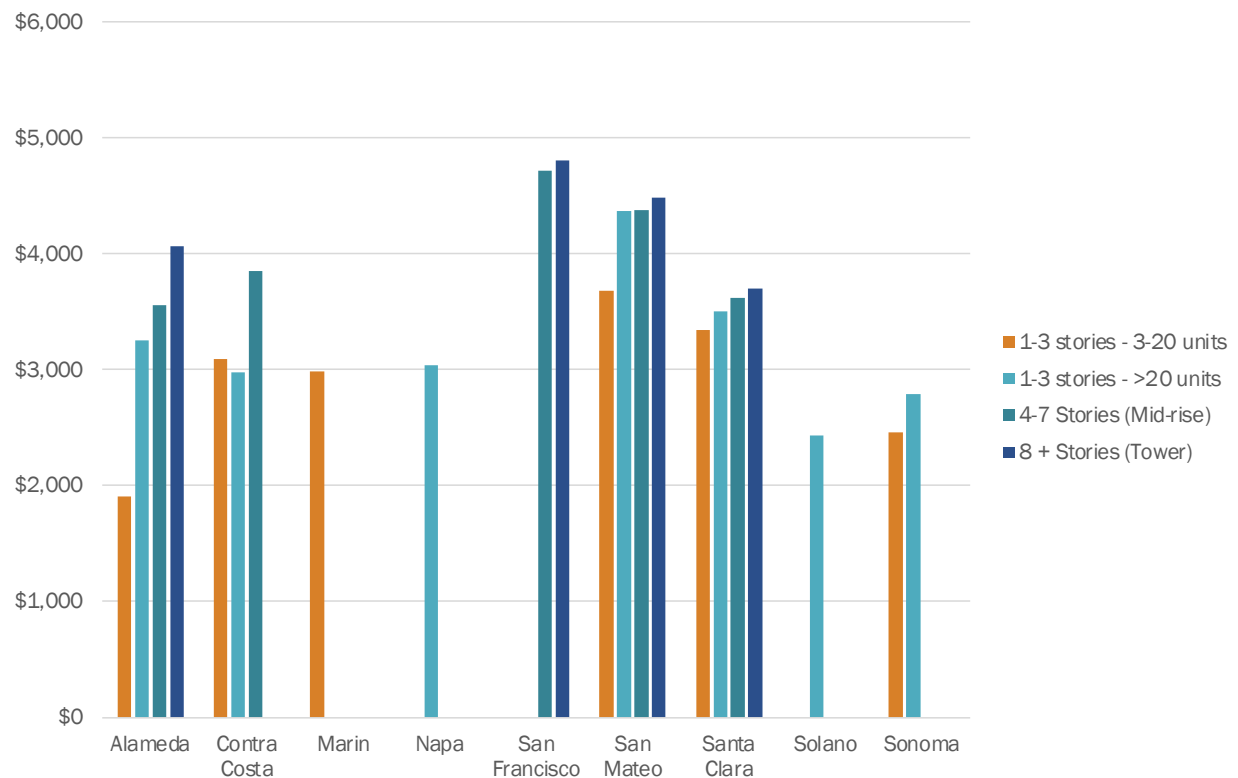


Table 2. Incomes Needed to Afford Rent for Newer Multifamily in 2021 by County and Building Scale

Source: ECONorthwest analysis of CoStar data; Median Family Income from California Department of Housing and Community Development

	San Mateo	San Francisco	Santa Clara	Marin	Alameda	Contra Costa	Napa	Solano	Sonoma
Buildings with 20 units or less (built after 2011)									
Median 2-bed rent	\$4,010	\$5,580	\$2,870	N/A	\$2,880	N/A	N/A	N/A	\$2,420
needed to afford rent	\$160,480	\$223,080	\$114,600	N/A	\$115,240	N/A	N/A	N/A	\$96,840
Annual income needed as a percent of MFI*	119%	166%	84%	N/A	102%	N/A	N/A	N/A	104%
Buildings with 21 units or more (built after 2011)									
Median 2-bed rent	\$4,370	\$4,650	\$3,690	N/A	\$3,840	N/A	N/A	N/A	\$2,770
needed to afford rent	\$174,840	\$185,880	\$147,480	N/A	\$153,440	N/A	N/A	N/A	\$110,800
Annual income needed as a percent of MFI*	130%	138%	108%	N/A	136%	N/A	N/A	N/A	119%

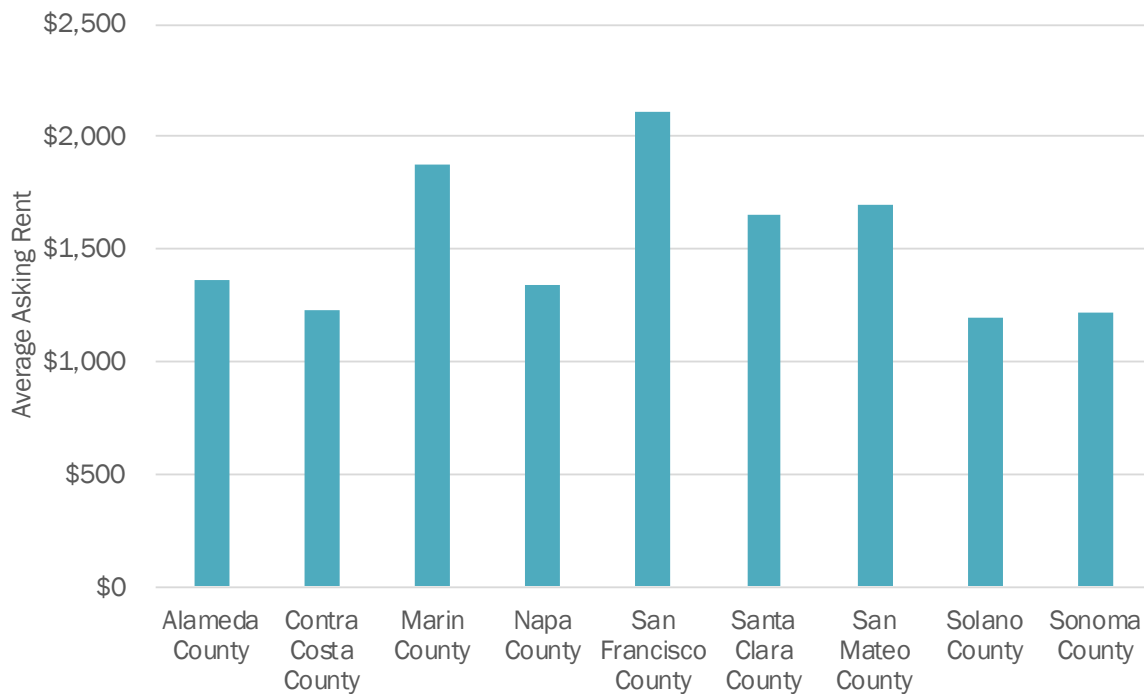
*as compared to 100% MFI for a 3-person household. Orange indicates less affordability, blue indicates greater affordability.

Middle Housing Rents

Looking more specifically at multifamily buildings with two to five units, there are few observations of newer construction, as most of the building stock in this size range is older. Current average asking rents for middle housing (buildings with two to five units in CoStar) are estimated at between about \$1,200 per month in Solano and Sonoma Counties to over \$2,100 per month in San Francisco County. This appears to be substantially more affordable than overall multifamily rents, likely due to a combination of older building stock, fewer amenities, smaller units, and rent data that is not updated as reliably.

Figure 23. Average Asking Rents by County for 2-5 Unit Multifamily, 2021

Source: ECONorthwest, using data from CoStar (2021, Q2)





Note: Rent data from smaller rental properties is less likely to be updated consistently than rent data from larger buildings. In addition, the existing buildings in this size range are generally older properties and may have smaller units than other multifamily properties.

Middle Housing Sales and Rental Pricing Examples

The examples in this section are intended to illustrate a range of price-points for newer middle housing of a range of types and in a range of locations. Not all examples shown exemplify “best practices” from a design perspective, but they reflect the diversity of middle housing stock in the ABAG region. For each example, this section identifies the location and housing types, unit size, parking available, sales price/rent (including the per unit amount if the listing is for multiple units), year built, and photos from sales or rental listings. Some examples include location information provided in the listing or based on reviewing Google maps. The

information and pictures were collected from listings on Zillow and Redfin in July 2021. More examples, including examples of older middle housing buildings, are available in the appendix.

	<p>Napa: Duplex / House with ADU⁷</p> <p>Duplex unit 1</p> <p>3 beds, 2.5 baths 1,590 square feet</p> <p>Duplex unit 2</p> <p>1 bed, 1 bath 565 square feet</p> <p>1-car garage</p> <p>\$1.1 million (\$550,000 per unit)</p> <p>Built 2018</p> <p><i>"This Napa duplex presents a unique turnkey opportunity for either an investor or owner/landlord... Conveniently located off Lincoln Ave East and approx .6 miles to Downtown."</i></p>
	<p>Concord: Townhouse⁸</p> <p>3 beds, 3 baths</p> <p>1,876 square feet</p> <p>2-car garage</p> <p>\$800,000</p> <p>Built 2020</p> <p><i>"This quaint townhome community is nestled in the heart of Concord."</i></p>

⁷ https://www.zillow.com/homedetails/1962-Yajome-St-Napa-CA-94559/111417685_zpid/

⁸ <https://www.redfin.com/CA/CONCORD/1840-ENCLAVE-PL-94519/home/52205621>



Pittsburgh: Triplex⁹

3 beds, 2.5 baths

1,300 square feet

\$2,800 per month

Built 2020

"located near downtown Pittsburg, three minute drive to BART and Hwy 4. Three minute walk to marina shoreline and restaurants"



Castro Valley: Triplex (Detached)¹⁰

Triplex unit 1

2 beds, 1 bath

2-car garage

Triplex units 2 and 3 (same)

3 beds, 2.5 baths each

2-car garage each

3,719 square feet (total)

\$2.26 million (\$753,000 per unit)

Built/Remodeled 2018

"1 extensively remodeled home + 2 newer construction homes (2018) on large 13,404sf. lot, centrally located in highly desirable Castro Valley close to great schools, parks, shopping and transportation."



⁹ https://www.zillow.com/homes/465-E-Santa-Fe-Ave-.num.463.dash.465.dash.46-Pittsburg,-CA-94565_rb/2072157873_zpid/; CoStar

¹⁰ <https://www.redfin.com/CA/Castro-Valley/20175-San-Miguel-Ave-94546/home/819059>



San Mateo: Townhouse¹¹

3 beds, 2.5 baths

1,750 square feet

1-car garage

\$5,400 per month

Built 2019

"Only a few blocks away from Burlingame Ave Shops & Restaurants, the Library and all amenities. ... Easy access to 101, 280 & Bart."



San Jose: Townhouse with ADU¹²

3 beds, 3.5 baths

1,452 square feet

2-car garage

\$990,000

Built 2018

"2 Masters Suites Upstairs with one Studio on 1st Level... Ground Floor Features Full Kitchen, Bathroom and Private exterior entrance, great for In-Laws or as a RENTAL INCOME. Walking distance to the neighborhood park, playground & basketball court. This property is located approx. 1 mile from The Plant Shopping Center, Costco & major freeways. Centrally located near Caltrain & VTA, downtown San Jose, most major tech companies & a few miles from the future San Jose Google Campus."



¹¹ https://www.zillow.com/homedetails/322-Grand-Blvd-San-Mateo-CA-94401/15521746_zpid/

¹² https://www.zillow.com/homedetails/2726-Montecito-Vista-Way-San-Jose-CA-95111/2081101433_zpid/



Redwood City: Duplex¹³

Duplex

3 beds, 3.5 baths each

1,707 square feet each

2-car garage (side-by-side)

2-car garage (tandem)

\$2.75 million (\$1.325 million per unit)

Built 2021

Close to parks and commercial areas.



San Francisco: Duplex / Home with ADU¹⁴

Unit 1: 3 beds, 2.5 baths

Unit 2: 2 beds, 1.5 baths

3,575 square feet (total)

1-car garage

\$4.9 million (\$2.45 million per unit)

Built 2020

Close to transit and commercial areas.



¹³ https://www.zillow.com/homes/1128-Mckinley-St-Redwood-City,-CA-94061_rb/15574223_zpid/

¹⁴ <https://www.redfin.com/CA/San-Francisco/232-Clipper-St-94114/home/1728382>

Section 4. Other Factors Influencing Middle Housing Development

Because there have been fewer opportunities to build middle housing in recent decades, expanding the supply of middle housing requires understanding the business model for middle housing development and how additional middle housing might be built today.

Tenure: How Form Drives Finance (and *vice versa*)

Middle housing can be owner-occupied or rental housing, or a combination of the two (e.g., where the owner lives in one unit and rents another). Ownership can also take several forms, including fee simple and condominium ownership. While most development codes do not address tenure, it is an important factor in the business model for developing middle housing because it affects how it is financed by developers, when developers can recoup their investment, and the legal risks/complexities associated with development.

Rental vs. Ownership

Relatively few development companies are set up to build units that they retain ownership of and rent. Many rely on the proceeds from selling the units they have built to fund their next project. There are also relatively few investors who build new investment properties themselves. Rental housing development typically requires a partnership between a developer who has the expertise to take a property through the development process and an investor who buys the property as an investment once it is complete and occupied.

While larger apartment buildings are often owned by institutional investors, small apartments and plexes are more likely to be owned by local real estate investors or even (mostly for two and three-unit buildings) by an individual who lives in one unit and rents out the other(s). The number of interested investors may be a limiting factor on new rental middle housing development.

Fee Simple vs. Condominium Ownership

With **fee simple ownership**, the owner owns the house and the land. This generally requires each unit to be on its own lot and have frontage on a street.¹⁵ Units must be side-by-side or detached, not stacked. This tends to be the simplest form of ownership for the builder and the buyer and is common for single-family detached housing and townhouses, so buyers and homebuilders are generally comfortable with it. However, land division can be a time-consuming process.

¹⁵ Whether and in what circumstances new lots can be created without street frontage is determined by local land division standards.

Fee simple developments can include common areas maintained by homeowners' associations (HOAs) or cross-access easements that enable adjacent properties to share driveways. However, HOAs and easements increase complexity somewhat for developers and can add costs for buyers (HOA dues).

With **condominium ownership**, the owner generally owns the space within their walls (and sometimes the exterior, particularly for detached condominiums). The land (and often the exterior structure) is owned and maintained by a condominium association. Due to construction defect liability laws, which allow condominium associations to hold developers liable for issues with the building (e.g., water intrusion) for years after completion, and which have been the source of many lawsuits, many homebuilders avoid condominium ownership.¹⁶ Those who do build condominiums sometimes create the condominiums but hold them as rentals for the first 10 years until the statute of limitations for construction defect liability has passed before selling them. Architects in California also face liability on condominium projects and must carry expensive liability insurance; this increases design costs and means that few architects are willing to work on smaller condominium projects. However, condominium creation can be faster than land division in some cases.

For homebuyers, condominiums can offer a lower purchase price than fee simple ownership because they do not fully include the land cost, but typically have higher ongoing costs for condominium association dues.

Implications for Middle Housing Form

Townhouses are often on their own lots, which provides fee simple ownership. This tends to make them more appealing to both builders and buyers. However, with attached units and sometimes shared driveways or common areas, they sometimes have HOAs and/or cross-access easements. Local code requirements (for setbacks, open space, etc.) can sometimes make creation of fee simple townhomes difficult or impossible, depending on lot size and configuration, or can result in very small footprint, vertical townhomes that make inefficient use of space (with a larger percentage of each townhome's floor area devoted to stairwells).

Because plexes are typically multiple units on a single lot, they cannot be built with fee simple ownership. They are commonly built as rentals, either with the owner living on-site (e.g., for some duplexes or triplexes) or as an investment property. If they are built for ownership, it would be condominium ownership, which is less appealing for some builders and buyers.

¹⁶ While Senate Bill 800, passed in 2002, introduced reforms to construction defect liability laws aimed at reducing the number of construction-defect lawsuits and making it easier for developers/builders to obtain liability insurance for the housing constructed, the liability risk remains. (FindLaw Attorney Writers, California Senate Bill 800: "Groundbreaking" Legislation Concerning Construction Defect Claims," March 26, 2008, <https://corporate.findlaw.com/corporate-governance/california-senate-bill-800-groundbreaking-legislation.html>) The risk is not limited to condominium developments, but because condominium associations typically own and maintain the exterior structure of the building, the likelihood of lawsuits tends to be higher for condominium projects.

Duplexes that are designed like single-family homes with an Accessory Dwelling Unit (ADU), such that one unit is larger than the other, are often purchased by individual home-buyers, who may (or may not) then rent out the smaller unit as a source of rental income. By keeping costs and design similar to a typical single-family detached home, these tend to have a broader market and pool of potential buyers than multiplexes with more units.

Cottage cluster units may or may not be on individual lots. However, even if they are on individual lots, they tend to require HOAs and cross-access easements, which limit the benefits of fee simple ownership.

Scale: Why Building Smaller Can Be Harder

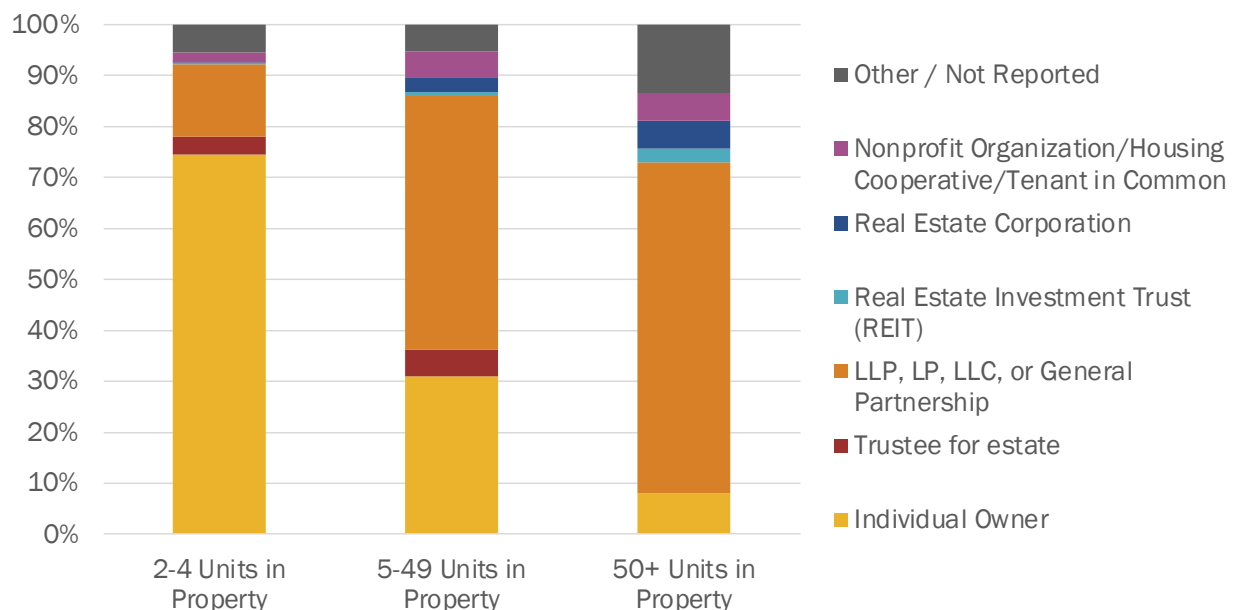
The scale of a development project and the number of units per property have important implications for financing, property management, and condominium liability.

Financing and Investors for Small Rental Properties

For rental housing, demand for new construction is based on both demand from future renters and demand from future investors in the rental housing. These factors are related (greater demand for rental housing tends to increase interest in rental housing as an investment), but certain types of investors are only interested in acquiring certain types of rental properties. As shown in Figure 24, most small rental properties are owned by individuals.

Figure 24: Owner Type for Apartments by Number of Units in Property, United States, 2020

Source: Rental Housing Finance Survey, US Department of Housing and Urban Development and US Census Bureau, June 2020, via National Multifamily Housing Council Quick Facts (<https://www.nmhc.org/research-insight/quick-facts-figures/quick-facts-ownership-and-management/>).



Note: LLP, LP, LLC, and General Partnership are common legal structures used to hold investment properties for both large institutional investors and some smaller investors. It is often difficult to determine who the “true” owners are for property held by one of these types of entities.

Individuals can buy properties with up to four units using FHA (Federal Housing Authority) loans if they occupy one of the units, which provides easier access to financing and typically lower interest rates for small investors. Financing is based on both the expected rental income (net of expenses) and the buyer's other income and credit rating.¹⁷ Other residential mortgage options are available for investors in properties with two to four units who don't plan to live on-site, though down-payments and interest rates are typically higher.

For more than four units, buyers must get a commercial loan, which can be challenging for new investors. Commercial loans typically require more equity investment (a larger down-payment) and have higher interest rates than residential mortgages, particularly for those without a strong track-record in commercial real estate. Multiplexes and small apartment buildings are typically owned by regional real estate investors or smaller investment groups who have experience owning rental properties and access to commercial loans, but do not have enough funds available to acquire larger properties.

Large apartment buildings are more likely to be owned by institutional investors and investment groups with strong access to capital—both equity investment and commercial loans—and large amounts of money to invest. These investors can place more of their funds with fewer transactions if they invest in larger properties, and can also benefit from management efficiencies, as described below.

Scale also affects affordable housing developers. Much funding for affordable rental housing comes from the Low-Income Housing Tax Credit (LIHTC) program, which works best for larger developments with more units. Affordable housing developers using other funding sources may have more flexibility to develop at different scales, but those operating rental housing will still face the same scale challenges related to property management as market-rate housing (see below). However, affordable homeownership development, such as Habitat for Humanity, is often funded in ways that make building smaller projects more appropriate. Affordable homeownership development is often compatible with townhome-style or cottage courtyard forms, as they lower the land cost per unit while allowing the potential for fee-simple development.

Property Management

Smaller rental properties face a number of inefficiencies for property management relative to larger properties. Larger properties can support on-site property management, while smaller properties typically must pay a property management company. While management fees vary, they are commonly higher as a percentage of rent or on a per unit basis for smaller properties than larger ones. Smaller properties mean property managers must visit more different sites to

¹⁷ Up to 75 percent of the rental income from the unit(s) that are rented out can be used to qualify for the mortgage. For triplexes and fourplexes, buyers must also show that 75 percent of the rent is sufficient to cover the mortgage payment. (A and M Mortgage, "Understanding The FHA Self Sustainability Test For 3 & 4 Unit Properties," <https://www.anmtg.com/mortgage-resources/fha-loans/fha-sustainability-test-3-4-units/>)

meet with tenants and respond to issues. They also mean more building-level issues (e.g., roof, landscaping, parking) relative to the number of units managed or the amount of rent collected.

Condominium Liability

While all condominium projects face liability risks and additional costs for insurance as discussed above (see page 27), the scale of the development project affects the economics of paying for the necessary insurance. With costs very high, small condominium projects may not be worth the insurance cost for buildings and designers, while larger projects may better justify and cover the expense of the insurance. However, the scale of the project also affects lawyers' interest in litigation—a small project with just a few units means that payouts are likely to be smaller and may not be worth the lawyer's effort to press a lawsuit, whereas large condo projects with more units tend to have more expensive repairs and larger payouts, making them more of a target for litigation.¹⁸ Still, the difference in risk may or may not be reflected in the cost of liability insurance policies for the development team. Small projects that are able to obtain reasonable insurance rates may be able to consider condominium development, but many will not be able to absorb the expense, and mid-size projects may be a particular challenge.

Context: Middle Housing Project Types

Middle housing development can occur in a range of contexts and be built by different types of developers. This section provides examples of some of the ways that middle housing development occurs, and what type of developers may build middle housing in different contexts.

Incorporated into new master-planned neighborhoods

New master-planned residential development sometimes includes a mix of single-family homes and some for-sale middle housing types (e.g., townhouses, homes with accessory dwelling units, or perhaps duplexes). The overall housing mix can vary: in larger developments where zoning allows it, townhouses may represent a sizable share of the units, while other projects may include only small numbers of duplex units. Developments typically span many acres with a dozens or hundreds of units.

- Developers:
 - Large professional developers: Master-planned communities tend to be delivered by larger land developers and/or homebuilders who primarily build single-family homes and townhouses. Many have little or no experience with other housing types.

¹⁸ Kevin de Freitas, AIA, *arcCA*, "Working Around Condominiums," January 2, 2018, <https://aiacalifornia.org/working-around-condominiums/>; originally published 1st quarter 2005, in *arcCA* 05.1, "Good Counsel."

Most specialize in for-sale construction; few are set up to deliver both for-sale housing and rental housing.

- Examples:
 - Daybreak, South Jordan, UT (<https://www.daybreakutah.com/find-a-home/>)
 - Reeds Crossing, Hillsboro, OR (<https://www.reedscrossing.com/new-homes/>)
 - The Vineyards, Dublin, CA (<http://integralcommunities.com/the-vineyards>)
 - Luminescence at Liberty, Rio Vista, CA (<https://www.denovahomes.com/new-homes/ca/rio-vista/luminescence-at-liberty/7423/>)—55+ community

Large for-sale townhome developments in higher-density areas

In areas with medium-density or multifamily zoning, larger groups of townhouses (e.g., 20-80 units) may be developed for sale. They may not be “house-scale” due to the number of units in the buildings and the scale of the buildings.

- Developers:
 - Large professional developers: Often built by developers who specialize in this type of development and have the capacity and access to financing to deliver larger projects. Most specialize in for-sale construction; few are set up to deliver both for-sale housing and rental housing.
 - Affordable housing developers: Habitat for Humanity can work at this scale in higher-density urban areas when larger sites are available.
- Examples:
 - Residences at the District, Milpitas, CA (<http://integralcommunities.com/residences-at-the-district>)
 - The Redwoods at Montecito, Redwood City, CA (<https://www.dividendhomes.com/communities/the-redwoods-at-montecito/neighborhood/>)
 - Bay Meadows, San Mateo, CA (<https://baymeadows.com/residences/>)
 - Mulberry Townhomes, Alameda, CA (<https://www.livabl.com/2017/08/city-ventures-opening-mulberry-townhomes-alameda.html>)
 - Pear Tree, Napa, CA (<https://www.taylormorrison.com/ca/bay-area/napa/pear-tree>)
 - Elev8tion at Sunnyvale, Sunnyvale, CA (<https://www.taylormorrison.com/ca/bay-area/sunnyvale/elev8tion>)
 - Esperanza Place by Habitat for Humanity, Walnut Creek, CA (<https://www.habitatebsv.org/blog/welcome-to-esperanza-place>)

Large townhome or middle housing-style rental developments

Some larger rental properties function like apartment complexes but can take the form of townhomes (which may or may not be “house-scale”) or smaller clusters of units in house-scale buildings (though they may be on the larger end of the middle housing spectrum). Both affordable and market rate housing developers sometimes use this model to create a more neighborhood-oriented feel while maintaining the operational efficiency of a larger rental property.

- Developers:
 - Large professional developers: Often built by multifamily rental housing developers with the capacity and access to financing to deliver larger projects and expertise with wood-frame construction (vs. podium or high-rise construction). Most specialize in building rental housing. Some build for long-term ownership/management by the development company; others build with the intention of selling the property to investors (often large institutional investors, such as pension funds) once it is completed and leased up.
 - Affordable housing developers: Also used sometimes by affordable rental housing developers that work primarily with state and federal funding, which tends to work best for multifamily development.
- Examples:
 - Prairie Queen, Omaha, NE (<https://opticosdesign.com/work/bungalows-on-the-lake-prairie-queen/>)
 - La Terraza, San Jose, CA (<https://www.liveatlaterraza.com/floorplans.aspx>)—mix of townhouse-style apartments and flats in 8- to 10-unit buildings
 - Windsor Veterans Village, Windsor, CA (<https://housingvets.org/windsor-veterans-village/>)
 - Bridge Meadows, Portland, Beaverton, and Redmond, OR (<https://bridgemeanows.org/about-us/#Communities>)—multigenerational affordable housing developments

Mid-scale middle housing infill development

In areas zoned for higher density where the market supports infill and redevelopment on small sites, the mid-range of the middle housing spectrum sometimes emerges, with live/work units, townhouses, multiplexes, etc.

- Developers:
 - Small professional developers: Some smaller developers specialize in infill development. Their financing may come from a variety of sources depending on the project.

- Affordable housing developers: some affordable housing developers, such as Habitat for Humanity, can work with mid-scale middle housing on infill sites.
- Examples:
 - Classics at Midtown Place, San Mateo, CA (<https://www.dahlingroup.com/projects/classics-at-midtown-place>)
 - Classics at Centennial Place, Redwood City, CA (<https://www.dahlingroup.com/projects/Classics-at-Centennial-Place>)
 - Amber Drive by Habitat for Humanity, San Francisco, CA (<https://habitatgsf.org/amber-drive/>)
 - Unicorn Bed Multiplex, Portland, OR (<http://guerrilladev.co/projects#/unicorn-bed/>)
 - Reedway 12-plex, Portland, OR (<https://www.apartments.com/1627-se-reedway-st-portland-or/ybk9dnv/>, https://www.zillow.com/homedetails/1627-SE-Reedway-St-Portland-OR-97202/2079012529_zpid/?utm_campaign=iosappmessage&utm_medium=referral&utm_source=txtshare)
 - Mason St. Townhomes, Portland, OR (http://www.orangesplot.net/innovation_summary/mason-st-townhomes/)—mixed-income townhome infill

Small-scale middle housing infill development

This can take a range of forms depending on the site, location, zoning, and market, but is often just a few units per development, typically house-scale.

- Developers:
 - Small professional developers: Often built by smaller developers who specialize in infill and redevelopment. This could include companies that buy older homes with cash for purposes of redevelopment as well as small homebuilders (sometimes contractors with access to financing to purchase land) that primarily build on vacant infill lots; these companies typically build exclusively for-sale housing. Some do a mix of remodels, replacement with new single-family homes, and replacement with small middle housing (e.g., a duplex, two attached townhouses, etc.).
 - Micro-entrepreneurs: Sometimes built by local entrepreneurs with access to limited financing from savings or friends and family; they may be more likely to build rental housing (e.g., duplexes or triplexes) as an investment.
 - Affordable housing developers: Some affordable housing providers also use this model, such as Habitat for Humanity (building for-sale affordable housing) and others who have a portfolio of smaller, scattered affordable rental properties (including some Housing Authorities). This typically requires alternative funding sources rather than LIHTC.

- Examples:
 - Riverhouse Pocket Neighborhood, Healdsburg, CA (<https://opticosdesign.com/work/wine-country-pocket-neighborhood-riverhouse/>, <https://jzmkpartners.com/project/riverhouse/>)
 - McKinley Duplex, Redwood City, CA (<https://tjh.com/build-on-our-homesite/1128-and-1130-mckinley/>)
 - Triplex, Pittsburg, CA (https://www.zillow.com/homes/465-E-Santa-Fe-Ave-num.463.dash.465.dash.46-Pittsburg,-CA-94565_rb/2072157873_zpid/)
 - Duplex, Mountain View, CA (<https://www.redfin.com/CA/Mountain-View/114-Kittoe-Dr-94043/home/578383>)
 - Duplex, Portland, OR (<https://renaissance-homes.com/urban/2911-se-18th-avenue>)
 - Blossom Cottages, Eugene, OR (https://static1.squarespace.com/static/5c29bf13ec4eb70767c013ee/t/5daf5ebf4d56a44d678a64d2/1571774149220/H-1_Blossom+Cottages.pdf)
 - Affordable Fourplex for Veterans, Independence, OR (<https://www.statesmanjournal.com/story/news/2019/08/01/polk-building-housing-homeless-military-veterans-independence/1872648001/>)

Middle housing conversion

In areas with historic buildings or large single-family homes and a strong rental market, sometimes older homes will be internally divided to create multiple units when this is allowed by zoning. Other times, on larger single-family lots, additional units will be added to a property with an existing home to create a detached plex.



- Developers:
 - Small professional developers: Sometimes home remodelers who primarily “fix and flip” older homes will encounter an opportunity to add units to the property at the same time (e.g., by adding an ADU to the home). Sometimes those that also build new homes will find a lot where there is room to retain an existing home and build additional units on the lot. Developers who sell the properties upon completion can typically take on more projects per year than those who hold the properties as rentals. However, with multiple units on a lot, some or all of the units are likely to be rented even if the property is sold to an investor or someone who wants to live in the home while generating a rental income stream.
 - Micro-entrepreneurs: Local entrepreneurs with access to limited financing from savings or friends and family may take on a limited number of conversions of existing homes as, often to create an investment property.
- Examples:

- Victorian Fourplex conversion, Portland, OR (<https://www.apartments.com/2254-nw-irving-st-portland-or/h0kpcv1/>,
https://www.portlandoregon.gov/bds/appeals/index.cfm?action=entry&appeal_id=8507,
https://www.portlandoregon.gov/bds/appeals/index.cfm?action=getfile&appeal_id=8507&file_id=2893)
- Detached triplex, Castro Valley, CA (<https://www.redfin.com/CA/Castro-Valley/20175-San-Miguel-Ave-94546/home/819059>)
- Sabin Green, Portland, OR (<https://accessorydwellings.org/2013/12/23/sabin-green-a-community-of-2-adus-and-2-modest-homes/>)

Appendix: Additional Examples of Recent Transactions and Rental Listings

The information and pictures in the appendix were collected from listings on Zillow and Redfin in July 2021.

Middle Housing Sales Examples: Newer Buildings

	<p>Oakland: Duplex¹⁹</p> <p>Duplex unit 1: 3 beds, 2 baths Duplex unit 2: 2 beds, 2 baths 2,376 square feet (total) 2-car parking lot \$910,000 (\$405,000 per unit) Built 2019 Close to schools and commercial street.</p>
	<p>Napa: Duplex / House with ADU²⁰</p> <p>Duplex unit 1 3 beds, 2.5 baths 1,590 square feet Duplex unit 2 1 bed, 1 bath 565 square feet 1-car garage \$1.1 million (\$550,000 per unit) Built 2018</p> <p><i>"This Napa duplex presents a unique turnkey opportunity for either an investor or owner/landlord... Conveniently located off Lincoln Ave East and approx .6 miles to Downtown."</i></p>

¹⁹ <https://www.redfin.com/CA/Oakland/1905-62nd-Ave-94621/home/22648152>

²⁰ https://www.zillow.com/homedetails/1962-Yajome-St-Napa-CA-94559/111417685_zpid/



Castro Valley: Triplex (Detached)²¹

Triplex unit 1

2 beds, 1 bath
2-car garage

Triplex units 2 and 3 (same)

3 beds, 2.5 baths each
2-car garage each

3,719 square feet (total)

\$2.26 million (\$753,000 per unit)

Built/Remodeled 2018

"1 extensively remodeled home + 2 newer construction homes (2018) on large 13,404sf. lot, centrally located in highly desirable Castro Valley close to great schools, parks, shopping and transportation."



Concord: Townhouse²²

3 beds, 3 baths

1,876 square feet

2-car garage

\$800,000

Built 2020

"This quaint townhome community is nestled in the heart of Concord."

²¹ <https://www.redfin.com/CA/Castro-Valley/20175-San-Miguel-Ave-94546/home/819059>

²² <https://www.redfin.com/CA/CONCORD/1840-ENCLAVE-PL-94519/home/52205621>



Novato: Townhouse²³

4 beds, 4 baths

2,032 square feet

2-car garage

\$890,000

Built 2021

Walking distance to historic downtown Novato.



San Jose: Townhouse with ADU²⁴

3 beds, 3.5 baths

1,452 square feet

2-car garage

\$990,000

Built 2018

"2 Masters Suites Upstairs with one Studio on 1st Level... Ground Floor Features Full Kitchen, Bathroom and Private exterior entrance, great for In-Laws or as a RENTAL INCOME. Walking distance to the neighborhood park, playground & basketball court. This property is located approx. 1 mile from The Plant Shopping Center, Costco & major freeways. Centrally located near Caltrain & VTA, downtown San Jose, most major tech companies & a few miles from the future San Jose Google Campus."



²³ https://www.zillow.com/homedetails/7-Lesina-Way-Novato-CA-94949/2076850673_zpid/

²⁴ https://www.zillow.com/homedetails/2726-Montecito-Vista-Way-San-Jose-CA-95111/2081101433_zpid/



San Francisco: Townhouse²⁵

3 beds, 2 baths

1,045 square feet

Street parking

\$930,000

Built 2020

"Immaculate townhouse in the heart of the Mission featuring a private, exclusive access roof deck in addition to a second shared roof deck, providing pristine views of the city skyline."



Alameda: Townhouse²⁶

3 beds, 3 baths

1,453 square feet

2-car garage

\$1.02 million

Built 2018

Close to schools, parks, and commercial areas.



Milpitas: Townhouse²⁷

3 beds, 3.5 baths

1,708 square feet

2-car garage

\$1.05 million

Built 2018

"Located in the 'Crossroads of Silicon Valley', makes it easy to enjoy all of the amenities the city of Milpitas and the greater South Bay have to offer. Less than 1 mile from The Great Mall of the Bay Area."

²⁵ https://www.zillow.com/homedetails/1376A-Natoma-St-San-Francisco-CA-94103/2077149205_zpid/

²⁶ <https://www.redfin.com/CA/Alameda/1925-Mulberry-St-94501/home/167222989>

²⁷ https://www.zillow.com/homedetails/380-Hearst-Dr-Milpitas-CA-95035/300480219_zpid/

	<p>Redwood City: Duplex²⁸</p> <p>Duplex</p> <p>3 beds, 3.5 baths each</p> <p>1,707 square feet each</p> <p>2-car garage (side-by-side)</p> <p>2-car garage (tandem)</p> <p>\$2.75 million (\$1.325 million per unit)</p> <p>Built 2021</p> <p>Close to parks and commercial areas.</p>
	<p>Sunnyvale: Townhouse²⁹</p> <p>3 beds, 4 baths</p> <p>1,575 square feet</p> <p>2-car garage</p> <p>\$1.5 million</p> <p>Built 2020</p> <p><i>"A modern community with easy access to just about everything including Caltrain, tech campuses and employment centers, major commute routes, and entertainment."</i></p>
	<p>Fremont: Townhouse³⁰</p> <p>3 beds, 3.5 baths</p> <p>2,082 square feet</p> <p>2-car garage</p> <p>\$1.4 million</p> <p>Built 2021</p> <p><i>"Located in the heart of Fremont... brand-new luxury townhome... Set in a quiet residential community of 10 upscale units... Conveniently located near high-tech headquarters: Tesla, Facebook, Apple and Google."</i></p>

²⁸ https://www.zillow.com/homes/1128-Mckinley-St-Redwood-City,-CA-94061_rb/15574223_zpid/

²⁹ https://www.zillow.com/homedetails/605-E-Evelyn-Ave-Sunnyvale-CA-94086/325805702_zpid/

³⁰ https://www.zillow.com/homedetails/3539-Piazza-Cmn-Fremont-CA-94538/2072201842_zpid/



San Mateo: Townhome-style Condo³¹

4 beds, 4 baths

2,520 square feet

2-car garage

\$1.7 million

Built 2021

"Townhome-style condo in development of three aesthetically striking contemporary homes... Walk Score is a high 86, and Bike Score 71. Convenient proximity to retail amenities, parks, freeways, transportation, and more."



Burlingame: Townhouse³²

4 beds, 3 baths

2,243 square feet

2-car garage

\$2.4 million

Built 2021

Set in a neighborhood close to parks, transit, and commercial areas.

³¹ https://www.zillow.com/homedetails/21-Lodato-Ave-San-Mateo-CA-94403/15535643_zpid/

³² https://www.zillow.com/homedetails/721-Linden-Ave-Burlingame-CA-94010/2071266144_zpid/



San Francisco: Duplex / Home with ADU³³

Unit 1: 3 beds, 2.5 baths

Unit 2: 2 beds, 1.5 baths

3,575 square feet (total)

1-car garage



\$4.9 million (\$2.45 million per unit)

Built 2020

Close to transit and commercial areas.

³³ <https://www.redfin.com/CA/San-Francisco/232-Clipper-St-94114/home/1728382>

Middle Housing Sales Examples: Older Buildings

	<p>Vallejo: Duplex / Home with ADU³⁴</p> <p>Duplex unit 1: 3 beds, 2.5 baths Duplex unit 2: 1 bed, 1 bath 2,580 square feet (total) 2-car garage \$603,000 (\$301,500 per unit) Built 2005</p> <p><i>"Fourth bedroom is a separate studio apartment above garage w/ Kitchenette, full bath, & separate entrance... Close to waterfront dining & easy commute options."</i></p>
	<p>Santa Rosa: Townhouse³⁵</p> <p>2 beds, 2.5 baths 1,210 square feet 1-car garage \$450,000 Built 1996</p>

³⁴ <https://www.redfin.com/CA/Vallejo/1061-Madrone-Ave-94592/home/22591677>

³⁵ https://www.zillow.com/homedetails/574-Laurel-Grove-Cir-Santa-Rosa-CA-95407/15759704_zpid/



Sonoma: Duplex³⁶

Duplex unit 1

3 beds, 2 baths
1,249 square feet

Duplex unit 2

2 beds, 2 baths
1,109 square feet

2-car garage

\$1.1 million (\$550,000 per unit)

Built 1999

"Unique opportunity for an owner's unit + income unit, or a Vacation Home with income to offset the cost! Townhouse style units that sit side by side... Rental unit features two bedrooms, two bathrooms, and a tenant with a stable rental history... A community garden nearby also a bonus with raised planting beds & fruit trees. Great proximity to the Sonoma Plaza (less than 1 mile), mile from Whole Foods, Sonoma Market, wineries, about an hour from SF & 90 min. from Silicon Valley."



Concord: Townhouse³⁷

3 beds, 3 baths

1,409 square feet

2-car garage

\$637,000

Built 2004

³⁶ <https://www.redfin.com/CA/Sonoma/822-3rd-St-W-95476/home/2637196>

³⁷ <https://www.redfin.com/CA/Concord/1873-Parkside-Dr-94519/home/1254367>



Berkeley: Triplex³⁸

Triplex unit 1

3 beds, 2 baths
1,125 square feet
1-car garage

Triplex unit 2

2 beds, 1 bath
1,060 square feet
Rent: \$3,690 per month

Triplex unit 3

Studio, 1 bath
420 square feet

\$1.95 million (\$650,000 per unit)

Built 1917

"This distinguished triplex sits in sought-after Le Conte District nestled between Elmwood, South Berkeley, & Downtown Berkeley. Vacant 3 bed, 2 bath owner's unit... embedded in neighborhood culture while situated in an outstanding locale; ½ mile from Berkeley Bowl, less than 1 mile from the shops & restaurants on College Ave. (Elmwood), about 1 mile from Downtown Berkeley BART. Great opportunity for owner occupied or a pure investment!"

³⁸ <https://www.redfin.com/CA/Berkeley/2240-Ward-St-94705/home/1682347>



Berkeley: Duplex³⁹

Duplex unit 1

2 beds, 1 bath
907 square feet

Duplex unit 2

2 beds, 1 bath
779 square feet

Street parking

\$1.4 million (\$700,000 per unit)

Built 1889

"...could be perfect as a family compound or for those wanting additional income to offset their mortgage. Ideally located just a few short blocks to the coveted Fourth Street stores, cafes and restaurants and perfect for those who commute, with easy access to the freeway, Bus to SF, and Amtrak station."



Daly City: Townhouse⁴⁰

2 beds, 2.5 baths

1,265 square feet

1-car garage

\$806,000

Built 1979

³⁹ <https://www.redfin.com/CA/Berkeley/2110-Sixth-St-94710/home/1802555>

⁴⁰ <https://www.redfin.com/CA/Daly-City/319-Innisfree-Dr-94015/unit-10/home/1437207>



	<p>Alameda: Townhouse⁴¹</p> <p>2 beds, 2 baths</p> <p>1,180 square feet</p> <p>2-car garage</p> <p>\$865,000</p> <p>Built 1966</p>
	<p>San Francisco: Townhouse⁴²</p> <p>2 beds, 2 baths</p> <p>1,780 square feet</p> <p>1-car garage</p> <p>\$1.2 million</p> <p>Built 2002</p>
	<p>Castro Valley: Townhouse⁴³</p> <p>3 beds, 3 baths</p> <p>2,328 square feet</p> <p>2-car garage</p> <p>\$1.2 million</p> <p>Built 1998</p> <p><i>“Convenient and desirable location with easy access to the freeways and award winning Castro Valley Schools.”</i></p>

⁴¹ <https://www.redfin.com/CA/Alameda/1009-Verdemar-Dr-94502/home/734270>

⁴² https://www.zillow.com/homedetails/1697-19th-Ave-San-Francisco-CA-94122/59746708_zpid/

⁴³ https://www.zillow.com/homedetails/22064-E-Lyndon-Loop-Castro-Valley-CA-94552/24918001_zpid/

Middle Housing Rental Examples: Newer Buildings

	<p>Pittsburgh: Triplex⁴⁴</p> <p>3 beds, 2.5 baths</p> <p>1,300 square feet</p> <p>\$2,800 per month</p> <p>Built 2020</p> <p><i>"located near downtown Pittsburg, three minute drive to BART and Hwy 4. Three minute walk to marina shoreline and restaurants"</i></p>
	<p>Concord: Fourplex⁴⁵</p> <p>3 beds, 2.5 baths</p> <p>1,460 square feet</p> <p>\$3,095 per month</p> <p>Built 2020</p>
	<p>Redwood City: ADU⁴⁶</p> <p>2 beds, 1 bath</p> <p>700 square feet</p> <p>\$3,250 per month</p> <p>Built 2021</p> <p><i>"Home is a 700 sq ft 2 bed/1 bath ADU (in law) in the backyard above the detached garage. Minutes from the 101, Facebook or downtown redwood city."</i></p>

⁴⁴ https://www.zillow.com/homes/465-E-Santa-Fe-Ave-.num.463.dash.465.dash.46-Pittsburg,-CA-94565_rb/2072157873_zpid/; CoStar

⁴⁵ https://www.zillow.com/homes/3225-Clayton-Rd-.num.A-Concord,-CA-94519_rb/2078843032_zpid/; CoStar

⁴⁶ https://www.zillow.com/homedetails/3316-Page-St-A-Redwood-City-CA-94063/2070611693_zpid/



Milpitas: Townhouse⁴⁷

2 beds, 2 baths

1,450 square feet

2-car garage

\$3,400 per month

Built 2019

"...located in the heart of Milpitas and silicon valley, next to Great mall, next to VTA and Bart. Very close to I880, I680, and 237 Freeways. Middle of high tech companies and next to Stratford school (walking distance) and close to Mattos elementary school. Nice McGuire Park with tennis courts, BBQ area and children park and large open area."



Dublin: Townhouse⁴⁸

4 beds, 3.5 baths

2,160 square feet

2-car garage

\$4,150 per month

Built 2019

⁴⁷ https://www.zillow.com/homedetails/1308-Thistle-Pl-Milpitas-CA-95035/300481647_zpid/

⁴⁸ https://www.zillow.com/homedetails/6987-Calistoga-Ln-Dublin-CA-94568/331751293_zpid/



Mountain View: Townhouse⁴⁹

3 beds, 3.5 baths

1,687 square feet

2-car garage

\$5,400 per month

Built 2018

"Great commute location with easy access to Caltrain San Antonio Station, Central Expy., Oregon Expy., 237/85/101 FWY. Convenient location to Google, Stanford University, Stanford Research Park, many high tech companies, restaurants & shops."



San Mateo: Townhouse⁵⁰

3 beds, 2.5 baths

1,750 square feet

1-car garage

\$5,400 per month

Built 2019

"Only a few blocks away from Burlingame Ave Shops & Restaurants, the Library and all amenities. ... Easy access to 101, 280 & Bart."

⁴⁹ https://www.zillow.com/homedetails/2264-Mora-Pl-Mountain-View-CA-94040/300481960_zpid/

⁵⁰ https://www.zillow.com/homedetails/322-Grand-Blvd-San-Mateo-CA-94401/15521746_zpid/



San Francisco: Small Condo / Multiplex⁵¹

3 beds, 2.5 baths

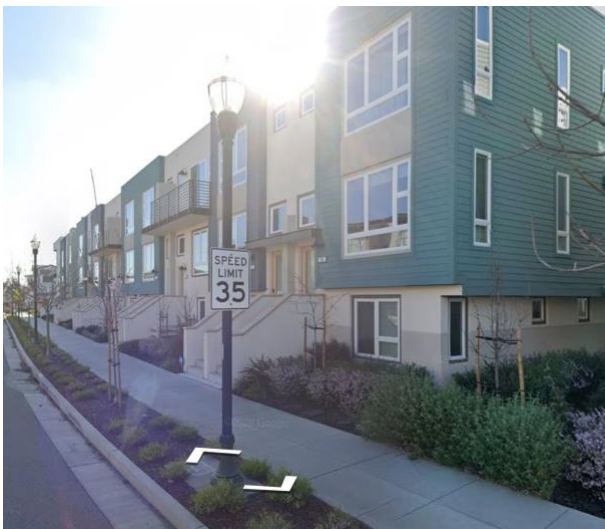
1,500 square feet

1-car garage

\$5,800 per month

Built 2019

“Walking distance to shops, restaurants, and entertainment on Mission & Valencia. Easy access to public transportation and short commute to any point in the City.”



San Mateo: Townhouse⁵²

4 beds, 4 baths

2,280 square feet

2-car garage

\$6,975 per month




Built 2017

“Bay Meadows offers the ultimate urban lifestyle with walking distance to Caltrain, community garden, parks, and countless retail shops including notably Whole Foods, Blue Bottle, Hillsdale Mall, Fieldworks Brewery, and Tin Pot Creamery. It is conveniently located near HWY 101, 280, 92 & SFO.”

⁵¹ https://www.zillow.com/homedetails/2944-21st-St-San-Francisco-CA-94110/241584817_zpid/

⁵² https://www.zillow.com/homedetails/112-Franklin-Pkwy-San-Mateo-CA-94403/2069631580_zpid/

Middle Housing Rental Examples: Older Buildings

 	<p>Alameda: Mixed Use⁵³</p> <p>Ground floor retail</p> <p>1,614 square feet \$1,150 per month</p> <p>Duplex unit 1</p> <p>2 beds, 1 bath 987 square feet \$2,100 per month</p> <p>Duplex unit 2</p> <p>1 bed, 1 bath 451 square feet \$1,400 per month</p> <p>2-car garage</p> <p>Built 1920</p>
	<p>Vallejo: Triplex⁵⁴</p> <p>Triplex Unit 1</p> <p>2 beds, 2 baths 1,259 square feet \$1,800 per month</p> <p>Triplex Unit 2 and 3 (same)</p> <p>1 bed, 1 bath each 680 square feet each \$1,600 per month each</p> <p>Street parking</p> <p>Built 1906</p>

⁵³ <https://www.redfin.com/CA/Alameda/918-Central-Ave-94501/home/127071521>

⁵⁴ <https://www.redfin.com/CA/Vallejo/937-Virginia-St-94590/home/2234946>



El Cerrito: Triplex⁵⁵

Triplex unit 1

1 bed, 1 bath
1,268 square feet
\$2,000 per month

Triplex unit 2

1 bed, 1 bath
1,178 square feet
\$2,200 per month

Triplex unit 3

4 beds, 1 bath
1,523 square feet
\$3,800 per month

10-car parking lot

Built 1907



San Rafael: Duplex⁵⁶

Duplex units 1 and 2 (same)

2 beds, 1 bath each
818 square feet each
\$2,250 per month each

Street parking

Built 1904

⁵⁵ <https://www.redfin.com/CA/El-Cerrito/609-Kearney-St-94530/home/102805928>

⁵⁶ <https://www.redfin.com/CA/San-Rafael/97-Clark-St-94901/home/1128433>

© 2019 bridgeMLS



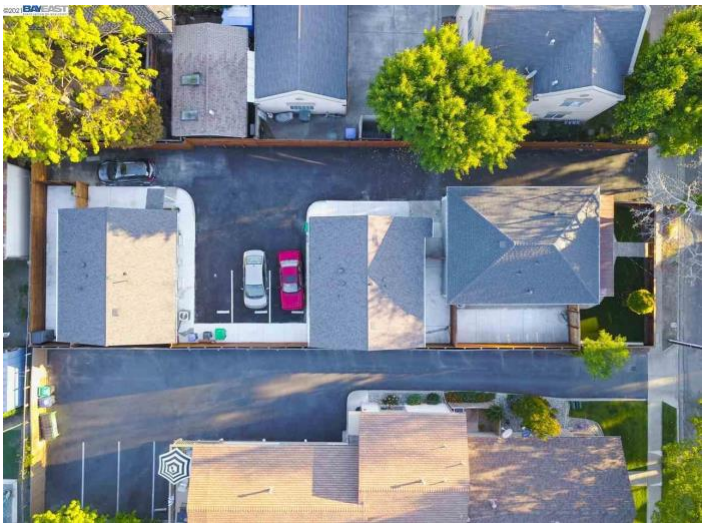
Oakland: Fourplex⁵⁷

Fourplex units 1, 2, 3, and 4 (same)
2 beds, 2 baths each
811 square feet each
Street parking
\$2,295–2,450 per month
Built 1889 (updated 2008)



Santa Rosa: Townhouse⁵⁸

2 beds, 2.5 baths
1,274 square feet
1-car garage
\$2,675 per month
Built 1995



Pleasanton: Detached Triplex⁵⁹

Detached triplex unit 1
3 beds, 1 bath
900 square feet
\$3,400 per month
Detached triplex unit 2
2 beds, 1 bath
700 square feet
\$2,638 per month
Detached triplex unit 3
2 beds, 1 bath
700 square feet
\$2,900 per month
4-car parking lot
Built 1954

⁵⁷ <https://www.redfin.com/CA/Oakland/860-20th-St-94607/home/1992039>

⁵⁸ https://www.zillow.com/homedetails/520-Laurel-Grove-Cir-Santa-Rosa-CA-95407/15759644_zpid

⁵⁹ <https://www.redfin.com/CA/Pleasanton/4578-Augustine-St-94566/home/1885547>



Daly City: Duplex⁶⁰

Duplex unit 1: 3 beds, 2 baths
 Duplex unit 2: 1 bed, 1 bath
 2,700 square feet total
 2-car garage
 \$3,100 per month
 Built 1998



San Jose: Townhouse⁶¹

3 beds, 2 baths
 1,628 square feet
 2-car garage
 \$3,580 per month
 Built 2000



Sunnyvale: Townhouse⁶²

3 beds, 3 baths
 1,500 square feet
 2-car garage
 \$4,000 per month
 Built 2005

⁶⁰ <https://www.redfin.com/CA/Daly-City/621-Lisbon-St-94014/home/2007521>

⁶¹ https://www.zillow.com/homedetails/3117-Pinot-Grigio-Pl-San-Jose-CA-95135/54772117_zpid/

⁶² https://www.zillow.com/homedetails/677-Pinnacles-Ter-Sunnyvale-CA-94085/2069455610_zpid/



San Ramon: Townhouse⁶³

3 beds, 2.5 baths

2,200 square feet

2.5-car garage

\$4,200 per month

Built 2004

⁶³ https://www.zillow.com/homedetails/2548-Rockhampton-Rd-San-Ramon-CA-94582/64880984_zpid/